Supreme Court
FILED
03-944 DEC 22 2003
OFFICE OF THE CLERK

No. 03-

IN THE

Supreme Court of the United States

AMERICAN GEM SEAFOODS, INC. and
MCMI FOOD COMPANY, INC.,

Petitioners,

v.

WEI ZHANG,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Should the Court review the Ninth Circuit's affirmance of $2.6 million in punitive damages and $360,000 in compensatory damages where the Ninth Circuit failed to undertake "exacting" appellate review of the punitive damage award as required by *State Farm Mutual Automobile Insurance Company v. Campbell*, 123 S. Ct. 1513 (2003)

   (a) by not analyzing specific conduct of the corporate defendants in its reprehensibility analysis; and

   (b) by limiting its proportionality analysis to the observation that single digit multipliers generally are constitutional?

2. In cases seeking emotional distress damages under federal civil rights law (here 42 U.S.C. § 1981), is the Ninth Circuit correct that a plaintiff need not prove that his damages are "demonstrable, genuine, and adequately explained," in contrast with the law of six other circuits?

LIST OF PARTIES AND CORPORATE DISCLOSURE STATEMENT

Harry Lees, a defendant and appellant below, is not a party to this Petition because the issues raised are specific to the corporate petitioners.

American Gem Seafoods Inc. is a wholly-owned subsidiary of MCMI Food Company, a privately held corporation.

TABLE OF CONTENTS

	Page
Questions Presented	i
List of Parties and Corporate Disclosure Statement	ii
Table of Contents	iii
Table of Cited Authorities	v
Table of Appendices	viii
Opinions Below	1
Statement of Jurisdiction	1
Constitutional and Statutory Provisions Involved	2
Statement of the Case	3
I. Proceedings in the District Court.	5
II. Proceedings in the Ninth Circuit.	7
Reasons for Granting the Petition	10
I. By Failing To Conduct A Meaningful Reprehensibility Analysis And By Concluding That A Single-Digit Ratio Is *Per Se* Constitutional Even In Cases Where There Is A Substantial Emotional Distress Award, The Ninth Circuit Failed To Faithfully Apply *Campbell*, Warranting *Certiorari*.	10

Contents

Page

A. The Ninth Circuit Failed To Follow Campbell's Command That Punitive Damage Awards Must Be Calibrated To The Reprehensibility Of The Defendant's Conduct. 11

B. The Ninth's Circuit Holding That Single-Digit Ratios Are *Per Se* Constitutional Regardless Of The "Substantial" Nature Of The Compensatory Damages Awarded Ignores *Campbell*'s Teachings. 13

II. The Ninth Circuit Deepened A Circuit Split By Holding That Proof Of Emotional Distress Damages Under Federal Civil Rights Law (Here 42 U.S.C. § 1981) Need Not Be "Demonstrable, Genuine, And Adequately Explained." 16

Conclusion 19

TABLE OF CITED AUTHORITIES

Page

Cases:

Biggs v. Village of Dupo,
892 F.2d 1298 (7th Cir. 1990) 17

Bogle v. McClure,
332 F.3d 1347 (11th Cir. 2003) 15, 17, 18

Bose Corp. v. Consumers Union,
466 U.S. 485 (1996) 13

Brady v. Fort Bend County,
145 F.3d 691 (5th Cir. 1998) 17

BMW of North America, Inc. v. Gore,
517 U.S. 559 (1996) ..... *passim*

Cooper Indus., Inc. v.
Leatherman Tool Group, Inc.,
532 U.S. 424 (2001) 10, 12, 14

Honda Motor Company v. Oberg,
512 U.S. 415 (1994) 12

Major League Baseball Players Ass'n v. Garvey,
532 U.S. 504 (2001) 10

McClain v. Metabolife International, Inc.,
259 F. Supp.2d 1225 (N.D. Ala. 2003) 15

Cited Authorities

Page

Miner v. City of Glens Falls,
999 F.2d 655 (2d Cir. 1993) 16

Morgan v. Secretary of Housing and Urban Development,
985 F.3d 1451 (10th Cir. 1993) 17

Pacific Mut. Life Ins. Co. v. Haslip,
499 U.S. 1 (1991) 8, 10, 14

Price v. City of Charlotte,
93 F.3d 1241 (4th Cir. 1996) 4, 16, 17

Southern Union Co. v. Southwest Gas Corp.,
No. CV991294-PHXROS,
2003 WL 22111144 (D. Ariz. Aug. 1, 2003) 15

Spence v. Board of Education,
806 F.2d 1198 (3rd Cir. 1986) 16

State Farm Mutual Automobile Insurance Company v. Campbell,
123 S. Ct. 1513 (2003) ..... *passim*

TXO Production Corp. v. Alliance Resources Corp.,
509 U.S. 443 (1993) 10

Cited Authorities

Page

United States Constitution:

First Amendment 12

Fifth Amendment 2

Statutes:

28 U.S.C. § 1254(1) 1

42 U.S.C. § 1981 ..... *passim*

42 U.S.C. § 1983 ..... 15, 16, 17

Washington R.C.W. 49.60.180 5

Rule:

Fed. R. Civ. P. 59 7

Other Authority:

Henry P. Monaghan, *Constitutional Fact Review*, COLUM. L. REV. 229 (1985) 12

TABLE OF APPENDICES

Page

Appendix A — Opinion Of The United States Court Of Appeals For The Ninth Circuit Filed August 7, 2003 ..... 1a

Appendix B — Minute Order Of The United States District Court For The Western District Of Washington At Seattle Filed And Entered November 7, 2001 ..... 49a

Appendix C — Judgment Of The United States District Court For The Western District Of Washington Dated October 3, 2001 ..... 51a

Appendix D — Verdict Form Of The United States District Court For The Western District Of Washington At Seattle Dated And Filed August 23, 2001 ..... 53a

Appendix E — Order Of The United States Court Of Appeals For The Ninth Circuit Filed September 22, 2003 ..... 61a

Petitioners MCMI Food Company and American Gem Seafoods, Inc. (collectively, "Petitioners") respectfully request that the Court grant *certiorari* to review the Ninth Circuit's punitive damages ruling.

In addition, Petitioners ask that this Court grant *certiorari* to review the Ninth Circuit's ruling on what evidence is necessary to prove emotional distress damages under federal civil rights law (here 42 U.S.C. § 1981).

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Ninth Circuit (App. 1a-48a) is published at 339 F.3d 1020 (9th Cir. 2003). The opinion of the United States District Court for the Western District of Washington denying MCMI's motion for Judgment as a Matter of Law and A New Trial (App. 49a-50a) is not reported.

STATEMENT OF JURISDICTION

The Court of Appeals issued its decision on August 7, 2003 and denied Petitioners' petition for rehearing or rehearing en banc on September 22, 2003. (App. 62a). This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Fifth Amendment to the United States Constitution provides, in pertinent part, "No person shall be . . . deprived of life, liberty, or property, without due process of law."

Section 1981 of Title 42 of the United States Code provides that:

> (a) Statement of equal rights
>
> All persons within the jurisdiction of the United States shall have the same right in every State and Territory to make and enforce contracts, to sue, be parties, give evidence, and to the full and equal benefit of all laws and proceedings for the security of persons and property as is enjoyed by white citizens, and shall be subject to like punishment, pains, penalties, taxes, licenses, and exactions of every kind, and to no other.
>
> (b) "Make and enforce contracts" defined
>
> For purposes of this section, the term "make and enforce contracts" includes the making, performance, modification, and termination of contracts, and the enjoyment of all benefits, privileges, terms, and conditions of the contractual relationship.

(c) Protection against impairment

The rights protected by this section are protected against impairment by nongovernmental discrimination and impairment under color of State law.

STATEMENT OF THE CASE

This case concerns the propriety of the Ninth Circuit's approach to applying the punitive damages standards of *State Farm Mutual Automobile Insurance Company v. Campbell*, 123 S. Ct. 1513 (2003). It also concerns the propriety of the Ninth Circuit's minimal test for the award of emotional distress damages under federal civil rights law (here 42 U.S.C. § 1981), which conflicts with the law of six other circuits.[1] The Ninth Circuit affirmed $2.6 million in punitive damages and $360,000 in compensatory damages, including emotional distress damages of no less than $123,155.

Punitive Damages

The Ninth Circuit failed to conduct the reprehensibility or the proportionality analysis commanded by *Campbell*. Its reprehensibility discussion did not analyze the actual conduct of the corporate defendants. It contented itself with concluding that there was discrimination. It failed to discuss the limited evidence of this, the jury's rejection of the bulk of Plaintiff's discrimination case when it found Lees had not discriminated, and the undisputed facts that Zhang was fired when Petitioners confirmed he had lied to them about being

1. Section 1981 prohibits race discrimination in the making and enforcement of contracts. 42 U.S.C. §§ 1981(a), (b).

on vacation to hide a trip he took with their competitor and which their competitor paid for. The Ninth Circuit, thus, committed constitutional error by not considering the degree of reprehensibility of Petitioners' conduct[2].

In addition, the Ninth Circuit's proportionality discussion of the ratio between compensatory and punitive damages did not heed or even discuss *Campbell*'s admonition that when compensatory damages are "substantial," a one to one ratio between punitive and compensatory damages might approach the limits of due process. Nor did it discuss *Campbell*'s warning that high ratios between punitive and compensatory damages are unconstitutional when compensatory damages include a substantial amount for emotional distress as is true here. Based on its cursory conclusion that a single digit ratio between punitive and compensatory damages has not been rejected by this Court or the Ninth Circuit, the Ninth Circuit affirmed a greater than seven to one ratio.

Emotional Distress Damages

The Ninth Circuit's discussion of the emotional distress damages award acknowledged a circuit split over the standard for proving such damages under federal civil rights law (here in section 1981). In contrast with the law of six other circuits, the Ninth Circuit does not require that emotional distress damages be "demonstrable, genuine, and adequately explained." *Price v. City of Charlotte*, 93 F.3d 1241, 1251 (4th Cir. 1996). Accordingly, applying the least rigorous test of any Circuit, the Ninth Circuit allowed the emotional distress damage award to stand on the basis of Zhang's testimony alone.

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2. While Petitioners vigorously disagree, they realize they are bound by the ruling below that they did discriminate.

Relief Requested

Petitioners request that this Court grant *certiorari* to provide guidance on the proper reprehensibility and proportionality analysis.

In addition, Petitioners request that this Court grant *certiorari* to resolve the circuit split over the correct standard for proving emotional distress damages under federal civil rights law (here 42 U.S.C. § 1981).

I. Proceedings in the District Court.

In September 1999, following termination of his employment, Zhang filed suit in the Western District of Washington. Zhang, a Chinese national, sued for employment discrimination and retaliation in violation of 42 U.S.C. § 1981 and Washington law, R.C.W. 49.60.180. He sued his former employer, American Gem Seafoods, Inc. ("American Gem"), American Gem's corporate parent, MCMI Food Company ("MCMI"), and MCMI's President, Harry Lees.

At trial, Zhang's discrimination theory focused largely on the conduct of Harry Lees. The vast majority of testimony at trial of discriminatory animus concerned Lees, and the evidence of adverse employment decisions centered on decisions made by Lees. (ER226-33;242-43;258-62;270-71;284-87; S.ER48,63-64.) The jury instructions also emphasized Harry Lees' activity, instructing the jury that if the jury found Lees' conduct actionable, the corporate defendants were vicariously liable as a matter of law. (S.ER367.) Indeed, Lees was the only individual defendant.

The defendants presented substantial testimony at trial that Zhang's performance was unsatisfactory and that management's decision to terminate him had nothing to do with his race and national origin. Witnesses testified that Zhang failed to follow financial controls and sales practices that new management instituted. (ER222,331.) While employed by American Gem, Zhang also took a trip to Iceland with two former employees of American Gem. That trip, paid for by one of American Gem's competitors, was to cultivate business opportunities in Iceland. (ER100,106,214-17; S.ER97-97a.) Zhang told American Gem management that he was taking a family vacation to Las Vegas and California. (ER180,304,333.) Zhang admitted at trial that he lied. (ER304.)

Zhang sought both economic (*i.e.*, back pay and front pay) and emotional distress damages. (S.ER298,304,383-84.) In support of his emotional distress damages, Zhang offered only his own testimony. (ER233-34.) He explained that he was hurt and humiliated by the adverse employment actions. He offered no expert testimony nor any testimony from a health professional substantiating the extent of his emotional harm or attesting to its cause.

The jury concluded that Lees had not discriminated against Zhang under any theory of liability. (ER97-100; App. 53a-56a.) The jury also rejected Zhang's retaliation, hostile work environment, and state law discrimination claims. (ER97-100; App. 53a-56a.) Despite its finding that Lees was not liable under section 1981, however, the jury found the corporate defendants liable under that statute. (ER98; App. 54a.) It awarded Zhang $360,000 in compensatory damages, of which at least $123,155 was for emotional harm, and $2.6 million in punitive damages. (ER 97-103.)

Following the verdict, the defendants moved for judgment as a matter of law under Federal Rule of Civil Procedure 50, and for a new trial and/or remittitur under Federal Rule of Civil Procedure 59. Among other issues, the defendants argued that the evidence did not support an award of emotional distress damages, that the corporate defendants could not be held liable without Lees' liability, and that the punitive damage award was excessive. The district court denied defendants' motions in all respects (App. 49a-50a.) and entered judgment on the verdict. (App. 51a-52a.)

Defendants appealed to the United States Court of Appeals for the Ninth Circuit.

II. Proceedings in the Ninth Circuit.

In a published opinion, the Ninth Circuit Court of Appeals affirmed the judgment. *Zhang v. American Gem*, 339 F.3d 1020 (9th Cir. 2003).

Referring to the standards this Court set forth in *State Farm Mutual Automobile Insurance Co. v. Campbell*, 123 S. Ct. 1513 (2003) (which was decided just before oral argument in the Ninth Circuit), the Ninth Circuit ruled the punitive damages constitutionally permissible. Despite its recognition that "the most important indicium of the reasonableness of a punitive damages award is the degree of reprehensibility of the defendant's conduct," the Ninth Circuit's reprehensibility discussion constitutes only three paragraphs. Based on the history of discrimination in this country, the Ninth Circuit concluded that intentional discrimination of any sort is "highly reprehensible conduct." *Id.* at 1043-44 (App. 44a). The court did not discuss the limited evidence of discrimination, the jury's exoneration of

Lees and thus rejection of most of Plaintiff's discrimination evidence, and the undisputed facts that Zhang was fired as soon as Petitioners confirmed he went on a trip with a competitor and lied to cover that up. In short, the Ninth Circuit concluded that once there is discrimination it need consider nothing else in its reprehensibility analysis.

Turning to *Campbell*'s second step – the relationship between compensatory and punitive damages – the Ninth Circuit recognized that the ratio between the $2.6 million punitive award and the $360,000 compensatory damages award was "slightly more than seven to one." 339 F.3d at 1044 (App. 46a). It observed that seven to one is a single digit ratio. Further, it noted that the seven to one ratio is a lower than the ratios in *Campbell* and *BMW of North America, Inc. v. Gore*, 517 U.S. 559 (1996), where this Court invalidated punitive damage awards. It stated that it was "aware of no Supreme Court or Ninth Circuit case disapproving of a single-digit ratio between punitive and compensatory damages" and thus would not "extend the law in this case." 339 F.3d at 1044 (App. 46a). On the basis of those three observations, the Ninth Circuit concluded that "[t]he ratio here is not constitutionally excessive." *Id.*

Although it recognized that the compensatory damages award contained a "substantial" emotional distress component, *id.* at 1041 (App. 39a), the Ninth Circuit did not discuss *Campbell*'s admonition that "substantial" compensatory damages, particularly those containing a substantial emotional distress component, will warrant a "lesser ratio, perhaps only equal to compensatory damages." *Campbell*, 123 S. Ct. at 1524. Nor did it discuss *Campbell*'s instruction that a four to one ratio "might be close to the line of constitutional impropriety." *Id.* at 1524 (citing *Pacific Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1, 19 (1991)).

The Ninth Circuit further ruled that the third *Gore* guidepost – the comparison to civil or criminal penalties applicable to comparable misconduct – did not warrant reduction of the verdict. It noted Congress' imposition of a recovery cap of $300,000 under the comparable provisions of Title VII, but downplayed its importance because "Congress has not seen fit to impose any recovery caps in cases under § 1981." 339 F.3d at 1045 (*quoting Swinton v. Potomac Corp.*, 270 F.3d 794, 820 (9th Cir. 2001)) (App. 47a). In any event, the court reasoned that even though a single guidepost indicates a punitive damage award is excessive, that does not undermine the award as a whole. *Id.* (App. 47a-48a).

Reviewing the jury's emotional distress damages award for sufficiency of the evidence, the Ninth Circuit acknowledged that its precedent allows a lower threshold of proof than other circuits. Despite its recognition that the Fourth Circuit required "objective evidence" to justify a substantial award of emotional distress damages, the Ninth Circuit held Zhang's testimony alone to be "more than sufficient to support a substantial compensatory damage award for emotional distress." *Id.* at 1041 (App. 39a). The Ninth Circuit did not note the more rigorous standards of proof applied by five other circuits in addition to the Fourth Circuit.

Petitioners sought rehearing and rehearing en banc, both of which were denied in an Order of September 22, 2003. (App. 61a-62a.) Petitioners subsequently sought a stay of the Ninth Circuit's mandate to allow them to seek review in this Court, which the Ninth Circuit granted on October 16, 2003.

REASONS FOR GRANTING THE PETITION

I. By Failing To Conduct A Meaningful Reprehensibility Analysis And By Concluding That A Single-Digit Ratio Is *Per Se* Constitutional Even In Cases Where There Is A Substantial Emotional Distress Award, The Ninth Circuit Failed To Faithfully Apply *Campbell*, Warranting *Certiorari*.

Although the Ninth Circuit mentioned *Campbell*'s standards, it failed to apply the ones mentioned in any meaningful way and did not even discuss the other applicable *Campbell* standards. Therefore, the Ninth Circuit's decision should be summarily reversed. *Major League Baseball Players Ass'n v. Garvey*, 532 U.S. 504, 510 (2001) (summarily reversing lower court opinion for its facially accurate recitation but erroneous application of this Court's precedents).

In a series of cases – *Haslip*, *TXO Production Corp. v. Alliance Resources Corp.*, 509 U.S. 443 (1993); *BMW of North America, Inc. v. Gore*, 517 U.S. 559 (1996); *Cooper Indus., Inc. v. Leatherman Tool Group, Inc.*, 532 U.S. 424, 431 (2001); and *Campbell* – this Court has increasingly encouraged courts to scrutinize punitive damage awards. *Campbell* is the culmination of that trend. In *Campbell*, this Court emphasized that courts must carefully scrutinize punitive damage awards and gave courts standards to use to do that.

The Ninth Circuit essentially ignored *Campbell*'s teachings by not even discussing most of *Campbell*'s standards and only cursorily discussing those few *Campbell* standards it cited. This is not the "exacting" scrutiny that this Court has commanded. If the Ninth Circuit's approach to *Campbell* is

allowed to stand, *Campbell* will become a nullity. Review is essential to ensure that lower courts understand that this Court's teachings in *Campbell* must be implemented.

A. The Ninth Circuit Failed To Follow Campbell's Command That Punitive Damage Awards Must Be Calibrated To The Reprehensibility Of The Defendant's Conduct.

As the Ninth Circuit recognized, "'the most important indicium of reasonableness . . . is the degree of reprehensibility of the defendant's conduct.'" *Campbell*, 123 S. Ct. at 1521 (*quoting Gore*, 517 U.S. at 575). Nevertheless, it never conducted a meaningful reprehensibility review.

Campbell directs courts to assess the degree of reprehensibility by assessing whether: (1) the harm caused was physical as opposed to economic; (2) the tortious conduct evinced an indifference to or a reckless disregard of the health or safety of others; (3) the target of the conduct had financial vulnerability; (4) the conduct involved repeated actions or was an isolated incident; (5) and the harm was the result of intentional malice, trickery, deceit, or mere accident. 123 S. Ct. at 1521. These factors do not appear in the Ninth Circuit's opinion.

In lieu of a detailed discussion of reprehensibility, the Ninth Circuit compared the discriminatory conduct here to the fraudulent business practices in *BMW*, *Cooper Industries*, and *Campbell*. It concluded that "intentional discrimination is a different kind of harm, a serious affront to personal liberty." 339 F.3d at 1043 (App. 44a). Referring to this country's regrettable history of racial discrimination, the international consensus that such discrimination is wrong,

and the observation that "racial discrimination often results in large punitive damage awards," the court "ha[d] no trouble concluding that the corporate defendants' discrimination against Zhang was sufficiently reprehensible" to support the punitive damage award. *Id.* at 1045 (App. 45a).

Under the Ninth Circuit's rule, no assessment of specific conduct is required in a case where the plaintiff establishes liability for racial discrimination. The problems with the Ninth Circuit's approach resemble those posed by a statute struck down by this Court in *Honda Motor Company v. Oberg*, 512 U.S. 415 (1994). In *Oberg*, an Oregon statute provided that if there was *some* evidence to support a punitive award, no further judicial review was permitted. *Id.* at 429. This Court invalidated the Oregon law because it provided no means to evaluate the size of a punitive award, thereby abridging defendants' rights to meaningful due process review. *Id.* That defect appears here as well: the determination of a plaintiff's entitlement to punitive damages does not establish that the *amount* of the award is constitutional. *Id.*

In *Cooper*, this Court held that "'the level of punitive damages is not really a 'fact' 'tried' by the jury.'" 532 U.S. at 437 (*quoting Gasperini v. Center for Humanities, Inc.*, 518 U.S. 415, 549 (1996) (Scalia, J., dissenting)). Accordingly, "appellate review of the district court's determination that an award is consistent with due process does not implicate . . . Seventh Amendment concerns." *Id.* Thus, the *proper amount* of punitive damages is a "constitutional fact," requiring the most exacting degree of judicial scrutiny. *E.g.*, Henry P. Monaghan, *Constitutional Fact Review*, Colum. L. Rev. 229, 230-31 (1985). Just as in First Amendment law, an appellate court must undertake an "independent review" of the record to ensure that there is no "forbidden

intrusion" on constitutional rights (*Bose Corp. v. Consumers Union*, 466 U.S. 485, 508 (1996)), such an independent review is necessary here. Yet, no such independent review was conducted.

While a reviewing court must accept the jury's verdict of liability for the corporate defendants, it follows that the court must also accept the jury's exoneration of Lees, the only individual defendant and the person whom Zhang contended engaged in most of the allegedly discriminatory acts. When the undisputed evidence of Zhang's lying about his trip with Petitioners' competitor is also weighed, the reprehensibility of Petitioners' conduct is limited and certainly not egregious enough to justify the amount of punitive damages here: greater than seven times compensatory damages.

The Ninth Circuit erred in failing to conduct a meaningful reprehensibility analysis because it did not conduct such an independent review. If its approach is allowed to stand, it will eviscerate *Campbell*. Review on this issue is, therefore, warranted.

B. The Ninth's Circuit Holding That Single-Digit Ratios Are *Per Se* Constitutional Regardless Of The "Substantial" Nature Of The Compensatory Damages Awarded Ignores *Campbell*'s Teachings.

The Ninth Circuit upheld the greater than seven to one ratio ($2.6 million punitive to $360,000 compensatory damages) in this case. It observed that a seven to one ratio was less than nine to one, citing *Campbell*. 123 S. Ct. at 1524 ("Our jurisprudence and the principles it has now established demonstrate . . . that, in practice, few awards

exceeding a single-digit ratio between punitive and compensatory damages, to a significant degree, will satisfy due process."). Observing that the ratios in *Campbell*, *BMW*, and *Cooper* were significantly higher than the seven to one before it, the Ninth Circuit affirmed. 339 F.3d at 1044 (App. 46a).

The Ninth Circuit completely ignored *Campbell*'s admonition that four to one "might be close to the line of constitutional impropriety." *Campbell*, 123 S. Ct. at 1524 (citing *Haslip*, 499 U.S. at 23-24). It also failed to heed *Campbell*'s instruction that in cases with "substantial" compensatory damages, "a lesser ratio, perhaps only equal to compensatory damages, can reach the outermost limits of the due process guarantee." *Id.* Nor did it acknowledge in its proportionality discussion that the compensatory damages included emotional distress damages of no less than $123,155. Thus, it also ignored *Campbell*'s warning against punishing defendants more than once for the same conduct by awarding overlapping emotional distress and punitive damages. *Id.* at 1525.

The Ninth Circuit also commented that it was unaware of any cases from this Court or the Ninth Circuit invalidating a single digit ratio between punitive and compensatory damages. 339 F.3d at 1044 (App. 46a). This implies there is some well-established history the court was relying on. In fact, only four months elapsed between *Campbell* and the decision below, so it is hardly surprising there were no such cases. The Ninth Circuit's observation just confirms its unwillingness to engage in the rigorous analysis that *Campbell* requires.

Other circuit courts have similarly failed to conduct rigorous proportionality review. *Bogle v. McClure*, 332 F.3d 1347, 1360 (11th Cir. 2003) (affirming approximately $13.5 million punitive damages award to individual plaintiffs on approximately $3.5 million compensatory damages award, including $500,000 for emotional distress, for nearly 4:1 ratio, in racial discrimination case), *petition for writ of certiorari filed* October 23, 2003. District courts have also failed to conduct rigorous proportionality reviews.[3] Thus, the problem is not limited to the Ninth Circuit.

Because the Ninth Circuit failed to comply with *Campbell*'s dictates as to a reprehensibility review and a proportionality review, Petitioners request that the Court grant *certiorari* to provide guidance on the issues of reprehensibility and proportionality raised here.

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3. *Southern Union Co. v. Southwest Gas Corp.*, No. CV991294-PHXROS, 2003 WL 22111144 (D. Ariz. Aug. 1, 2003) (in § 1983 case, entering judgment on jury award of $60 million in punitive damages on $390,072.58 in compensatory damages, for ratio greater than 153:1); *McClain v. Metabolife International, Inc.*, 259 F. Supp. 2d 1225, 1235 (N.D. Ala. 2003) (ordering remittitur of one plaintiff's award of punitive damages from $1,000,000 to $450,000 on $50,000 compensatory damages but upholding ratios of 25:1, 20:1, 9:1, and 7.5:1).

II. The Ninth Circuit Deepened A Circuit Split By Holding That Proof Of Emotional Distress Damages Under Federal Civil Rights Law (Here 42 U.S.C. § 1981) Need Not Be "Demonstrable, Genuine, And Adequately Explained."

In its assessment of the sufficiency of evidence to support the jury's compensatory damage award, which included a substantial emotional distress component, the Ninth Circuit acknowledged a conflict between its rule and that of the Fourth Circuit regarding the relevant standard. *Zhang*, 339 F.3d at 1040. (App. 37a). Unlike the Fourth Circuit, the Ninth Circuit does not require that emotional distress damages be "'demonstrable, genuine, and adequately explained.'" *Id.* (*quoting Price v. City of Charlotte*, 93 F.3d 1241, 1251 (4th Cir. 1996)) (App. 37a). Accordingly, Zhang's testimony that he was "greatly hurt and humiliated by his termination and the manner in which it was carried out," by itself, was sufficient to support an emotional distress award of not less than $123,155. *Id.* at 1041. (App. 38a).

Although the Ninth Circuit acknowledged this circuit split, it did not acknowledge its depth. The Second, Third, Fourth, Fifth, Seventh, and Tenth Circuits all require more than the conclusory testimony of the aggrieved party to sustain a compensatory damage award for emotional distress under federal civil rights law. *See, e.g.*, *Miner v. City of Glens Falls*, 999 F.2d 655, 662-63 (2d Cir. 1993) (requiring demonstrable emotional distress in § 1983 action rather than conclusory testimony); *Spence v. Board of Education*, 806 F.2d 1198, 1201 (3d Cir. 1986) (concluding, in § 1983 action, that an emotional distress claim could not be established where the evidence consisted "chiefly of plaintiff's own testimony" and did not establish that she suffered physically,

that she sought psychiatric counseling, that her peers held her in any less esteem, or that she suffered a loss of income); *Price*, 93 F.3d at 1254 ("substantial evidence" is required to support a compensatory damage award for emotional distress in § 1983 case); *Brady v. Fort Bend County*, 145 F.3d 691, 718-19 (5th Cir. 1998) (holding in § 1983 action that because "[c]onclusory statements give the finder of fact no adequate basis from which to gauge the 'nature and circumstances of the wrong and its effect on the plaintiff' [cite], . . . a plaintiff must present evidence of 'demonstrable emotional distress which must be sufficiently articulated'") (*quoting Price*, 93 F.3d at 1254)); *Biggs v. Village of Dupo*, 892 F.2d 1298, 1304 (7th Cir. 1990) (requiring plaintiff in § 1983 action to "reasonably and sufficiently explain the circumstances of his injury and not resort to mere conclusory statements") (internal quotation omitted); *Morgan v. Secretary of Housing and Urban Development*, 985 F.2d 1451, 1459 (10th Cir. 1993) (requiring "substantial evidence" rather than "mere assertions of emotional distress" in Fair Housing Act case, Civil Rights Act of 1968, § 804).

By contrast, only the Eleventh Circuit joins the Ninth in ruling that a plaintiff's conclusory testimony by itself is sufficient to support emotional distress damages. *Bogle*, 332 F.3d at 1359 (in § 1983 claim, denying sufficiency challenge to emotional distress damages where plaintiffs presented no evidence of emotional distress other than their own testimony). In *Bogle*, white librarians sued managers of the state library system after they were demoted because of their race. At trial, the librarians testified to their own emotional distress caused by the discrimination, but presented no testimony from third parties, such as medical professionals. *Id.* The jury awarded $1 million in emotional distress damages to each plaintiff, which the trial court

remitted to $500,000 each. On appeal, the Eleventh Circuit held that "a plaintiff's own testimony of embarrassment and humiliation can be sufficient to support an award for compensatory damages," and then deferred to the district court's determination regarding the proper amount of damages. *Id.*

As indicated by the number of circuit court cases addressing this question and the deep split between them, litigation over the proper test for emotional distress damages is common. Moreover, *Bogle* and this case were decided two months apart, indicating that this issue is very current. The importance and urgency of this issue warrants review.

The proper test for emotional distress damages has also grown in importance since this Court decided *Campbell* because *Campbell* recognizes that emotional distress damages present risks of duplicative and unconstitutional punishment. Protection of defendants' due process rights requires application of the proper test for emotional distress damages.

The Ninth and Eleventh Circuits stand alone on one side of this lopsided circuit split. The test they apply makes it easy to fabricate emotional distress claims. *Certiorari* is warranted to determine whether emotional distress damages in federal claims can be sustained solely on the basis of conclusory statements made by an allegedly injured plaintiff.

CONCLUSION

For the foregoing reasons, Petitioners MCMI Food Company and American Gem Seafoods, Inc. respectfully request that the Court grant *certiorari* and then summarily vacate the Ninth Circuit's ruling affirming the punitive damage award and remand for consideration of the factors set forth in *Campbell*. Alternatively, Petitioners request that the Court grant *certiorari* to review the Ninth Circuit's punitive damages ruling. In addition, Petitioners ask that this Court grant *certiorari* to review the Ninth Circuit's ruling on what evidence is necessary to prove emotional distress damages under federal civil rights law (here 42 U.S.C. § 1981).

Respectfully submitted,

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APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT FILED AUGUST 7, 2003

United States Court of Appeals,
Ninth Circuit.

No. 01-36130.

Wei ZHANG,

Plaintiff-Appellee,

v.

AMERICAN GEM SEAFOODS, INC., Delaware corporation; MCMI Food Company, a Texas corporation; Harry Lees, a natural person,

Defendants-Appellants.

Argued and Submitted April 10, 2003.

Filed Aug. 7, 2003.

Before: D.W. NELSON, THOMAS, Circuit Judges, and PREGERSON,* District Judge.

D.W. NELSON, Senior Circuit Judge.

Appellee Zhang Wei ("Zhang")[1] asserted claims for employment discrimination and breach of contract,

* The Honorable Dean D. Pregerson, United States District Judge for the Central District of California, sitting by designation.

1. Zhang's name is found in the record as both Zhang Wei, according to the Chinese practice of placing the surname before the given name, and Wei Zhang.

contending that he was retaliated against and ultimately fired due to his Chinese ethnicity and nationality. He sued his former employer, appellant American Gem Seafoods, Inc. ("American Gem"), American Gem's corporate parent, appellant MCMI Food Company ("MCMI" and, together with American Gem, the "corporate defendants"), and MCMI's president, appellant Harry Lees, in federal district court. A jury found the corporate defendants liable for discrimination under federal law, awarding both compensatory and punitive damages, and found the corporate defendants and Lees liable for breach of contract, awarding lost wages and wages willfully withheld. All of the defendants appealed. We affirm the district court's entry of judgment on the jury's verdict.

FACTUAL BACKGROUND

The factual recitation herein is taken from the evidence presented to the jury.

Zhang Wei, formerly a professor of business and a proponent of Western economic systems at Northeastern University in Dalian, China, came to the United States in 1990 due to the political crackdown following the Tiananmen Square massacre. After finishing his MBA at Delaware State University, he began working in the seafood industry, eventually becoming the vice president of SeaRich Seafoods and general manager of SeaRich West, based near Seattle.

In September 1997, MCMI formed American Gem as a subsidiary to take over SeaRich Seafoods and several other seafood companies. Zhang was hired to join American Gem after the takeover; according to his employment contract,

which was signed by Al Reitzer, then president of American Gem, Zhang's position was vice president of American Gem and general manager of its Pacific Gem division. Zhang testified that although his division was integral to the new company's operations, he was initially offered a lower salary than the Caucasian vice presidents of the acquired companies. He held out for equal compensation, and eventually American Gem agreed. In October 1998, Zhang was promoted to president of the Pacific Gem division, and a 1998 American Gem publication listed Zhang as "responsible for all seafood procurement from China and other Asian countries."

In December 1997, appellant Harry Lees was hired as president and CEO of MCMI. Lees took a direct role in the management of American Gem, superseding Reitzer; Lees asked Reitzer to step aside as president of American Gem, and Reitzer appointed James Mullin as president in the spring of 1998. In November 1998 Lees hired a new management team that included Clair Parker and Jim Bugbee. Mullin left American Gem shortly thereafter and Lees forced Reitzer to resign in December 1998. Parker then became president of American Gem, and Bugbee became a vice president. Also around this time, Jim Hilger was hired as the Chief Financial Officer of American Gem.

Zhang presented evidence that he was discriminated against by American Gem's management, especially the new management team. Witnesses testified that Lees told them that he distrusted Zhang because he was Chinese, that Lees did not like Chinese people and made derogatory comments about them, and that Lees suspected that Zhang was "looking out for his Chinese friends' interests at the expense of our

company." Another Chinese employee, Parker Gao, testified that Zhang was generally treated worse than American Gem's white employees.

Zhang was sidelined in the management of American Gem. Although Zhang was a vice president and had previously reported directly to the American Gem president, he was now required to report to the new management team, including CFO Hilger and fellow vice president Bugbee, and he was excluded from management meetings. He had previously been in charge of all Asian operations, but his new business card listed him as Vice President, China Operations. This new description apparently reflected a demotion. No one told him why.

Industry publications, which apparently got their information from American Gem, also omitted Zhang's name from lists of managers. One referred to six managers in American Gem's "new Seattle-based management team," including Parker, Bugbee, and Hilger, but not Zhang. Another publication, dated February 1, 1999, omitted Zhang from a list of officers, vice presidents, and managers of American Gem—a list that showed Bugbee as the Vice President for Asian Procurement—and stated that American Gem's "management has been completely replaced." Zhang testified that many of his suppliers were confused by this and called him to see whether he was still with the company.

Zhang presented evidence that he worked hard and that he brought in profits for American Gem. In addition to the Pacific Gem division, Zhang worked with an office in Dalian, China, Zhang's hometown. Zhang often worked from 6:30

a.m. until midnight to stay in contact with operations both on the East Coast and in China. Reitzer, Zhang's former supervisor, testified that Zhang was a dedicated and tireless worker.

Zhang's division, Pacific Gem, was the only profitable division in the company, and Zhang had the highest sales of any American Gem employee in 1998. Although he was entitled to a $25,000 bonus under his contract, he was never paid one for 1998. Lees testified that Zhang did not receive a bonus because although the Pacific Gem division was profitable, American Gem as a whole was not. Nonetheless, after Zhang was terminated, Bugbee, who is Caucasian, received a bonus for 1999 even though American Gem was unprofitable that year. Zhang also testified that the Dalian office's expenses were not paid by American Gem while he was in charge.

Zhang never received any antidiscrimination policy literature or training while he worked at American Gem and was not informed about how to make a discrimination complaint. Mullin, American Gem's president during 1998, testified that there was "no real [antidiscrimination] policy" during the time that American Gem was formed.

In February 1999, Zhang took a trip to Iceland along with two former American Gem employees. They met with people at Atlantic Coast Fisheries, and Zhang handed out his Pacific Gem business card. Zhang told the company that he was taking a personal vacation with his father—his first vacation since starting work at SeaRich Seafoods—and used his vacation time for the trip. Upon his return from Iceland

on February 24, 1999, he was met by Parker and Hilger as he exited Customs at Boston's Logan Airport, and they told him in a loud voice that he was terminated. When he asked why, they told him that he could go back to Seattle to find out. No one asked him why he had gone to Iceland. Cynthia Diaz, an attorney who worked for MCMI's parent company, told Zhang that he was fired for going to Iceland with competitors. At trial, however, Lees testified that, at the time Zhang was terminated, no one knew why he had made the trip. Several months after he was terminated, and after repeatedly requesting an explanation, Zhang received a letter from Diaz stating that in addition to the Iceland trip, he was terminated because he violated a directive against extending credit, refused to provide documentation of transactions in China, and was insubordinate to Lees. None of these accusations was substantiated at trial.

Zhang also presented evidence that, in comparison to Caucasian employees who had been terminated, he was treated unfavorably during and after his termination. He was terminated publicly without any chance to respond to any allegations of wrongdoing and without so much as a word of explanation. His company car was immediately confiscated, and his personal effects were held by American Gem. After termination, he did not receive any salary, expense reimbursements, accrued vacation time, or medical benefits. Finally, American Gem sent letters, written in English and Chinese, to his suppliers in China stating that he no longer worked for them.

In contrast, other former employees of American Gem, all Caucasian, had not been fired immediately or publicly

and in most cases had been allowed to resign. They had been given severance packages and had continued to receive salary and benefits after termination. One employee who had a company car was allowed to keep it for six weeks after termination. Some of these employees were terminated for cause, including two who were basically stealing from the company and one who allegedly exposed himself to his coworkers. None said that American Gem sent out letters to their business contacts notifying them of the termination.

When Zhang was fired, Bugbee came to the company's Seattle office and confiscated the keys of American Gem employees Parker Gao and Stacy Li, who are Chinese. Bugbee then assumed Zhang's former title and responsibilities as Vice President for Asian Procurement, although he was not able to get the same favorable terms in China that Zhang had gotten. And, as noted above, Bugbee received a bonus for his performance in 1999.

PROCEDURAL BACKGROUND

Zhang brought suit in federal district court in September 1999; jurisdiction was premised on allegations of employment discrimination in violation of 42 U.S.C. § 1981. Zhang also alleged discrimination in violation of the Washington Law Against Discrimination, Wash. Rev.Code ch. 49.60, breach of contract in violation of Washington law, and willful withholding of wages and benefits under Washington law.

The jury returned a mixed verdict for Zhang. Although it rejected his hostile work environment, retaliatory discharge,

and state-law discrimination claims, it found that the corporate defendants—but not Lees—were liable for federal-law discrimination under § 1981 and that all defendants were liable for breaching Zhang's employment contract. On the § 1981 claim, the jury awarded $360,000 in compensatory damages and $2,600,000 in punitive damages. On the breach of contract claim, the jury awarded $86,000 in lost wages. Because Washington law allows double damages for willful withholding of wages, *see* Wash. Rev.Code §§ 49.52.050(2), 49.52.070, the jury was also asked how much of Zhang's wages were willfully withheld; the jury answered with the figure $87,500.

Immediately recognizing that the jury's verdict was apparently inconsistent because it had awarded more in double damages than in base damages, the trial court ordered briefing on what should be done. In response, the defendants argued not only that this discrepancy created an inconsistency requiring vacation of the jury's verdict, but also that the jury's split verdict—finding liability for the corporate defendants but exonerating Lees—was inconsistent. The court characterized the defendants' brief as a motion for new trial and allowed Zhang to respond. The court then orally denied the motion. As to the discrepancy in lost wages, the court reasoned that, at most, the defendants would only be entitled to a new trial on damages for that issue, but that any error was cured by Zhang's stipulation to remittitur of the $87,500 figure to $86,000. As to the split liability finding, the court found that there was substantial evidence in the record that persons other than Lees took adverse actions against Zhang, including firing him.

The defendants then filed another motion for new trial and judgment as a matter of law (JMOL).[2] The defendants renewed their argument that the evidence did not support the corporate defendants' liability without Lees's liability, and also argued that Lees could not be held personally liable for breach of contract, that there was no evidence to justify instructing the jury on punitive damages, that the evidence did not support the compensatory damage award, and that the punitive damage award was excessive. The district court denied the motion, and the defendants appealed, raising mostly the same issues that were the subject of the post-trial motions as well as evidentiary and instructional issues.

DISCUSSION

I. The district court's exclusion of the purported antidiscrimination policy

The only evidentiary ruling challenged by the appellants is the trial court's exclusion of an antidiscrimination policy that was purportedly applicable to American Gem. We review the decision to exclude evidence for abuse of discretion, *see Tremain v. Bell Indus., Inc.*, 196 F.3d 970, 976 (9th Cir.1999), and we find none here.

The purported antidiscrimination policy is part of a document entitled "Quick Reference Guide on Policies/

2. Historically, a motion for JMOL submitted at the close of all the evidence has been known as a motion for a "directed verdict," and a motion for JMOL submitted after the jury's verdict is returned has been known as a motion for "judgment notwithstanding the verdict" (JNOV, after the Latin *non obstante veredicto*). *See* Fed.R.Civ.P. 50 advisory committee's note.

Procedures for Mission City Management, Inc." The specific policy is found under the heading "Sexual Discrimination/ Harassment" and makes one reference to race: "Mission City Management, Inc. prohibits harassment based on race, color, religion, sex national origin [sic], age, disability or veteran status." The defendants attempted to admit the document during Lees's trial testimony to demonstrate that the corporate defendants had an antidiscrimination policy.

The district court excluded the document for several reasons. Because Mission City Management, Inc., although related to MCMI Food Company, is a separate company and was not a defendant,[3] the district court initially held that there was no foundation establishing that the document was the policy of the corporate defendants. After Lees testified that he had established this policy as the policy of MCMI, the court excluded the document because it was undated and unsigned, it was not produced in discovery, and there was no evidence that it had been "seen by anyone at Pacific Gem."

The district court did not abuse its discretion in excluding the document as a discovery sanction. The appellants concede that the policy was not produced to Zhang until after the discovery cut-off date and after Lees's deposition. The only basis for nondisclosure given by counsel at trial was that "there was a rash of discovery when we were involved in the case," and no additional reasons have been given in the briefing before this Court. This does not constitute a

3. The record reflects that Mission City Management, Inc., was originally named as a defendant, but the district court later allowed substitution of MCMI Food Company as the proper defendant pursuant to Federal Rule of Civil Procedure 15(c)(3).

"substantial justification" for not disclosing this document, and in the absence of such a justification the district court may validly exclude, as a discovery sanction, evidence not produced in discovery. Fed.R.Civ.P. 37(c)(1).

Alternatively, the district court did not abuse its discretion in excluding the evidence for lack of foundation. In order for the document to be relevant to this case, see Fed.R.Evid. 401, the defendants would have had to establish that it actually reflected the policy of Pacific Gem, American Gem, or MCMI, and there was no competent evidence that it had in fact been distributed to the managers or employees of any of these entities. Although Lees testified that the policy had been distributed, he also testified that others performed the distribution, and there is no evidence that he had personal knowledge that employees received the policy. Furthermore, at trial, the defendants stipulated to the fact that American Gem never provided Zhang "with a company policy or handbook prohibiting discrimination or harassment." The district court's conclusion that Lees's testimony was insufficient to provide a foundation for this document was not an abuse of discretion.

II. Lees's personal liability for breach of contract

The jury found both Lees and the corporate defendants jointly and severally liable for breach of Zhang's employment contract, following instructions and a verdict form that expressly allowed such a result. The appellants argue that, contrary to the jury's verdict, Lees could not be held liable for breach of Zhang's employment contract because he was not a party to that contract. We hold that the appellants have waived this issue.

As counsel conceded at oral argument, the appellants did not raise this issue until after the verdict was returned. They did not propose jury instructions that would have excluded Lees from liability, nor did they move for JMOL on Lees's liability at the close of the evidence. Only in their post-trial motion for a new trial and for JMOL did they argue that Lees could not be held liable.

The failure to raise this issue prior to the return of the verdict results in a complete waiver, precluding our consideration of the merits of the issue. Federal Rule of Civil Procedure 50 requires that a motion for JMOL be made at the close of all the evidence in order to be renewed following entry of judgment. This Court strictly applies the rule that *Rule 50* allows complete waiver if an objection is not properly made. *See, e.g., Janes v. Wal-Mart Stores, Inc.*, 279 F.3d 883, 887 (9th Cir.2002) (refusing to review an issue even where it was raised in a Rule 50(b) motion after trial because " 'the requirement that [a JMOL] motion be made at the close of all the evidence is to be strictly observed' ") (quoting *Farley Transp. Co. v. Santa Fe Trail Transp. Co.*, 786 F.2d 1342, 1346 (9th Cir.1986)). The district court therefore properly denied the appellants' post-trial motion.

III. Jury instructions on federal and state law discrimination

The jury instructions given by the district court for discrimination under § 1981 and under Washington law were substantially identical, differing only in that the federal law instruction required Zhang to show that his race was a "motivating factor" in the adverse employment action, while the state law instruction required him to show that his race

was a "substantial factor." Both instructions also stated that Zhang was "not required to prove that his race or national origin was the only factor or the main factor" in the adverse action. The appellants proposed additional instructions on the meaning of "motivating factor" and "substantial factor," and appeal the district court's rejection of these instructions. Reviewing the district court's decision for abuse of discretion, *Masson v. New Yorker Magazine*, 85 F.3d 1394, 1397 (9th Cir.1996), we find no error.

The general rule is that "the district court need not define common terms that are readily understandable by the jury." *United States v. Hicks*, 217 F.3d 1038, 1045 (9th Cir.2000) (collecting cases discussing terms that need not be defined, including "commercial advantage," "private financial gain," "violence," "organizer," "supervisor," and "manager"). The "motivating factor" instruction given conforms to the model federal instructions in § 1981 cases where both legal and illegal motives may be present: The jury should find for the plaintiff if it finds "by a preponderance of the evidence that race was a motivating factor, even though other factors also motivated the practice." Modern Fed. Jury Instr. Form Instr. 87-22AA (2002). The instruction also conforms to the model Ninth Circuit instructions, whose commentary expressly notes that "[t]he term 'motivating factor' may not require definition because of its common usage." 9th Cir. Civ. Jury Instr. 12.1 cmt. (2002). The appellants cite no cases in which this term has been explained, and we have recently read equivalent jury instructions to be adequately precise. *See, e.g., Costa v. Desert Palace*, 299 F.3d 838, 858 (9th Cir.2002) (en banc), *aff'd*, __ U.S. __, 123 S.Ct. 2148, 156 L.Ed.2d 84 (2003) (noting that in sex discrimination case,

jury was instructed, apparently without further definition, that "[i]f you find that the plaintiff's sex was a motivating factor in the defendant's treatment of the plaintiff, the plaintiff is entitled to your verdict, even if you find that the defendant's conduct was also motivated by a lawful reason").[4] While it might have been prudent for the district court to elaborate on this term, it was not an abuse of discretion not to do so.

As for the "substantial factor" language, the court's instruction likewise conforms to Washington's pattern instruction:

> To recover, plaintiff has the burden of proving that [his][her] [race] [sex] [age] [religion] [national origin] [marital status] was a [significant or] substantial factor in defendant's decision [to terminate][not to promote] [not to hire] [lay off][him][her]. Plaintiff does not have to prove

4. The term "motivating factor" is also routinely not defined in several other contexts. *See Lambert v. Ackerley*, 180 F.3d 997, 1008 (9th Cir.1999) (en banc), *cert. denied*, 528 U.S. 1116, 120 S.Ct. 936, 145 L.Ed.2d 814 (2000), (noting that in Fair Labor Standards Act case, jury was instructed that one element was "[t]hat the protected activity was a substantial motivating factor in the adverse employment action"); *Sloman v. Tadlock*, 21 F.3d 1462, 1471 (9th Cir.1994) (approving, in First Amendment context, instruction that jury "must find that the plaintiff's protected [activity] . . . was a motivating factor in the defendants' decisions"); *Los Angeles Police Protective League v. Gates*, 995 F.2d 1469, 1474 (9th Cir.1993) (noting that, in Fourth Amendment context, jury had been instructed that "plaintiff must show by a preponderance of the evidence that his lawful refusal to obey the search order was a 'substantial factor' or a 'motivating factor' in the defendants' decision to terminate him").

> that [race] [sex] [age] [religion] [national origin] [marital status] was the only factor or the main factor in the decision, or that plaintiff would have been [retained] [hired] [promoted] but for [his][her] [race][sex][age] [religion] [national origin] [marital status].

6A Wash. Prac., Wash. Pattern Jury Instr. Civ. WPI 330.01 (4th ed.2002). Neither the pattern instruction nor the commentary suggests that a definition of "substantial factor" is necessary. The Washington Supreme Court has noted, without disapproval, that trial courts have used jury instructions that conform to the pattern instructions and do not define "substantial factor." *See Delgado Guijosa v. Wal-Mart Stores, Inc.*, 144 Wash.2d 907, 32 P.3d 250, 254 (Wash.2001). The district court did not abuse its discretion in failing to define this term for the jury.

The appellants contend that the district court erred in rejecting its instructions because the terms "motivating factor" and "substantial factor" are equivalent, and that they were entitled to an instruction equating the two. This argument fails for the simple reason that they never sought such an instruction; the rejected instructions only elaborated on the meanings of these terms. Under the Federal Rules of Civil Procedure, in order to preserve objections against jury instructions, a party must "stat[e] distinctly the matter objected to *and the grounds of the objection.*" Fed.R.Civ.P. 51 (emphasis added); *see Hammer v. Gross*, 932 F.2d 842, 847 (9th Cir.1991) (en banc) (noting that the Ninth Circuit "has enjoyed a reputation as the strictest enforcer of Rule 51"). The appellants never objected on the grounds that

the standards should be identical, nor did they assert that if they were exonerated from liability under one law, they must be exonerated under the other as well. They have waived any argument that the instructions should have equated these two terms.

IV. Allegedly inconsistent verdicts

At the heart of this appeal is the appellants' argument that the verdict returned by the jury is irreconcilably inconsistent. According to the appellants, three elements of the jury verdict are inconsistent: first, that the jury found the corporate defendants liable for discrimination but found Lees not liable; second, that the jury found the corporate defendants liable for discrimination under § 1981 but not under Washington law; and third, that on the breach of contract claim the jury awarded more in double damages than it had awarded in damages for the same claim. Although these alleged inconsistencies present several intersecting legal issues, we conclude that none of them is cause to vacate the judgment or to order a new trial.

A. General and special verdicts

As an initial matter, and one that is not inconsequential to the legal analysis of these claims, the parties disagree as to the nature of the verdicts at issue. The Federal Rules of Civil Procedure explicitly contemplate two types of verdicts, special verdicts, *see* Fed.R.Civ.P. 49(a), and general verdicts with interrogatories, *see* Fed.R.Civ.P. 49(b), and implicitly contemplate common law general verdicts without interrogatories. Both special verdicts and interrogatories

comprise only factual findings; a special verdict is "in the form of a special written finding upon each issue of fact," Fed.R.Civ.P. 49(a), and interrogatories are returned "upon one or more issues of fact the decision of which is necessary to a verdict," Fed.R.Civ.P. 49(b).

The Federal Rules do not define general verdicts, but they imply that general verdicts do not involve factual findings but rather ultimate legal conclusions. *See id.* This view is of course consistent with the common law and our own caselaw; in *Floyd v. Laws*, 929 F.2d 1390 (9th Cir.1991), we held that the theoretical distinction between general and special verdicts is that general verdicts require the jury to apply the law to the facts, and therefore require legal instruction, whereas special verdicts "compel the jury to focus exclusively on its fact-finding role." *Id.* at 1395. Black's defines a general verdict as "[a] verdict whereby the jury find either for the plaintiff or for the defendant in general terms." Black's Law Dictionary 1560 (6th ed.1990). Thus in a general verdict the jury announces only the prevailing party on a particular claim, and may announce damages.

A jury may return multiple general verdicts as to each claim, and each party, in a lawsuit, without undermining the general nature of its verdicts. *See, e.g.*, 9A Charles Alan Wright & Arthur R. Miller, Federal Practice & Procedure § 2504.1 (2d ed. Supp.2003) ("In cases involving multiple claims . . . or defendants, the district court may ... have the jury render multiple general verdicts."). Although some general verdicts are more general than others, encompassing multiple claims, the key is not the number of questions on the verdict form, but whether the jury announces the ultimate

legal result of each claim. If the jury announces only its ultimate conclusions, it returns an ordinary general verdict; if it makes factual findings in addition to the ultimate legal conclusions, it returns a general verdict with interrogatories. If it returns only factual findings, leaving the court to determine the ultimate legal result, it returns a special verdict.

These terms are not adequate to capture every answer that a jury may give. In addition to the ultimate legal conclusion in a case, a jury may make legal conclusions as to subsidiary issues, such as affirmative defenses, or the amount of damages owed, which are neither findings of fact nor quite "verdicts." Such answers are similar in kind to general verdicts, because they require application of the law to the facts, but we have found no precise label for them.

In this case, the jury returned general verdicts, with separate determinations as to damages, for nearly every claim, making virtually no factual findings. Of the thirteen questions on the verdict form, eleven were either of the form "Do you find for [the] plaintiff?" or "What total amount of [damages] [punitive damages] [lost wages] do you award?" All of the discrimination claims were disposed of by such questions; therefore, each of the alleged inconsistencies in the discrimination claims arises between two general verdicts.

The only area in which the jury made factual findings relates to double damages. After finding that the defendants were liable for lost wages on Zhang's breach of contract claim, the jury was asked two questions: "Do you find that any wages or benefits were willfully withheld with intent to deprive plaintiff of wages or benefits required by the

contract?" and "What amount of wages or benefits were willfully withheld during the period from the date of termination until September 29, 1999?" On this one issue the jury returned a special verdict, leaving to the trial court the duty to apply the law and determine that Zhang was entitled to double damages for all wages and benefits willfully withheld. With respect to double damages, therefore, the appellants allege an inconsistency between a subsidiary legal conclusion (the award of damages for breach of contract) and one of the factual findings in a special verdict (the amount of wages willfully withheld).

B. Inconsistencies between legal conclusions

We contemplate three ways in which legal conclusions such as general verdicts might be alleged to be inconsistent: the jury might disregard instructions requiring two general verdicts to be harmonious; the jury might return a general verdict that, under the facts of the case, implies a lack of evidence underlying another general verdict; or the jury might return two general verdicts that, under any facts, seem to be legally irreconcilable. The latter two situations are presented here. In the split verdict between the corporate defendants and Lees on the § 1981 claim, the appellants claim that although it is legally possible for a corporation to be held liable for discrimination while its agent is exonerated (because, among other reasons, the corporation may have acted through other agents), in this case there was no evidence that anyone other than Lees committed any discriminatory acts, and thus the verdict fails for insufficient evidence. As to the discrepancy between the federal and state discrimination claims, the appellants argue that these claims

are legally indistinguishable under any set of facts and thus that no rational jury could find liability on one and not the other claim.

1. Sufficiency of the evidence

The appellants' sufficiency of the evidence argument fails because it was not raised before the close of all the evidence.[5] The appellants made a post-verdict motion for JMOL based on insufficiency of the evidence, but failed to meet the ordinary requirement that a motion for JMOL must first be brought at the close of all the evidence. *See* Fed.R.Civ.P. 50(b); *Janes*, 279 F.3d at 887.

The appellants suggest that the ordinary waiver rules for JMOL do not apply here because the sufficiency of the evidence issue arose only due to the jury's split liability findings, relying upon *Pierce v. Southern Pacific Transportation Co.*, 823 F.2d 1366 (9th Cir.1987). In *Pierce*, we held that where a jury had returned a special verdict, a challenge to the consistency of its answers could be raised in a post-verdict motion for JMOL even though no pre-verdict motion had been made. *Id.* at 1369. But *Pierce* was specifically limited to the context of a special verdict, and inapplicable to a case such as this in which the jury returned a general verdict:

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5. Our discussion is not intended to imply that, were we to review the verdict for sufficiency of the evidence and search for evidence of discrimination other than Lees's conduct, we would find such evidence lacking. The facts set out above include several lines of evidence apart from Lees's actions suggesting that Zhang was fired due to his race or national origin.

Appendix A

> [J]ust as a motion for directed verdict is not required to preserve the question whether a judgment is supported by the jury's special verdict, a motion for directed verdict need not be a condition precedent for JNOV when the challenge is to the consistency of answers under a Rule 49(a) special verdict, *and not to the sufficiency of evidence supporting a general verdict.*

Id. (emphasis added).

A close analysis of *Pierce* demonstrates that although our inquiry was styled as a review of the consistency of the special verdict answers, it really was indistinguishable from review of whether the special verdict answers supported the judgment of the trial court. The basic issue in *Pierce* was whether, under the facts of that case, a particular factual finding nullified the defendant's liability, regardless of any other factual findings that might suggest that the defendant was liable. *See id.* at 1370 (noting that the defendant's view was that one of the jury's findings negated its negligence "as a matter of law"). Thus the real question was whether the jury's factual findings required judgment for the plaintiff or the defendant, a question that is simply irrelevant where, as here, no factual findings are at issue.

The inapplicability of *Pierce* to general verdicts is demonstrated by subsequent Ninth Circuit caselaw. In *Vaughan v. Ricketts*, 950 F.2d 1464 (9th Cir.1991), we considered the internal consistency of a general verdict in which the jury determined that the defendants had violated the plaintiff's constitutional rights, but nonetheless found

that the defendants were entitled to qualified immunity. *Id.* at 1466. As in *Pierce*, the plaintiffs filed a post-verdict motion for JMOL and appealed its denial, challenging the sufficiency of the evidence to support both the qualified immunity finding and the determination of liability. *Id.* at 1466, 1470. But in contrast to *Pierce*, the court held that "where inconsistent verdicts are alleged, the test is not whether there was substantial evidence for the jury's conclusion, but whether it is *possible to reconcile* the verdicts." *Id.* at 1470. Because it was possible for a jury to find qualified immunity and a violation of constitutional rights, there was no need to determine whether the facts presented supported such a verdict. *Id.* Although *Vaughan* involved an alleged inconsistency between a general verdict and a subsidiary legal conclusion on an affirmative defense, it is similar to the instant case in that it involved discrepancies between two legal conclusions, rather than the adequacy of factual findings to support a judgment.

Thus, unless the alleged inconsistency involves the sufficiency of the jury's factual findings to support the ultimate legal conclusion,[6] the defendant must raise the issue prior to submission to the jury in order to preserve any objections to sufficiency of the evidence. We see two

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6. Although in a special verdict case such as *Pierce* the determination of liability is made by the trial court after reviewing the jury's factual findings, the same review of alleged inconsistencies applies to a general verdict with interrogatories where the jury itself determines liability as well as facts. *See* Fed.R.Civ.P. 49(b) (providing that where a general verdict is unsupported by specific interrogatories the court may resubmit the issues to the jury, vacate the judgment for a new trial, or enter judgment according to the interrogatories).

compelling rationales for such a strict waiver rule. The opinion in *Pierce* itself explains that "[t]he rationale [for waiver] is clearly to prevent a review of the sufficiency of the evidence when the moving party has not given notice" of its objection "while there is still an opportunity for the opposing party to cure any defects in proof." 823 F.2d at 1369. Here, if the appellants believed that there was no evidence to support a split verdict—in other words, that if the jury found no liability for Lees, there was no evidence on which it could base a finding of liability for the corporate defendants—they should have raised their concern at the close of the evidence, such that Zhang could have, if necessary, introduced more evidence about the corporate defendants' liability. But not having raised the issue before the matter was submitted to the jury, the appellants cannot complain of a defect in proof for the resulting verdict.

The second reason for waiver is the promotion of efficiency in the trial court. If the appellants had timely made an objection to the sufficiency of the evidence to support a split verdict, and their objection had been upheld, they would have been entitled to an instruction preventing the jury from finding liability for the corporate defendants unless the jury also found liability for Lees. As it happened, however, the jury was left with instructions that did not forbid, and at least implicitly authorized, the result that it returned. We cannot sanction the time and expense of a new trial on the basis of an alleged inconsistency that, had it been raised earlier, could have been remedied by proper instructions to the jury.

This rule is consistent with the approach of our sister circuits. In *Jarvis v. Ford Motor Co.*, 283 F.3d 33 (2d Cir.), *cert. denied*, 537 U.S. 1019, 123 S.Ct. 539, 154 L.Ed.2d 427 (2002), the Second Circuit considered a similar case in which the defendant made an objection to the sufficiency of the evidence to support two different general verdicts. *Id.* at 54-56. The court applied a strict waiver rule, holding that where "any potential error related to the jury instructions and the verdict sheet," the defendants "objection needed to conform to the strictures of Fed.R.Civ.P. 51." 283 F.3d at 54. Furthermore, although the appellants rely heavily on the Tenth Circuit's opinion in *Heno v. Sprint/United Management Co.*, 208 F.3d 847 (10th Cir.2000), that case, like *Pierce*, involved the sufficiency of factual findings in a special verdict to support the ultimate determination of liability. *Id.* at 851 (noting that waiver does not apply to special verdicts). The court held that a factual finding that a corporation's agent did not discriminate precluded a legal conclusion that the corporation was liable for discrimination. *Id.* at 852. Nothing in *Heno* suggests that, when the jury returns a general verdict, an inconsistency between conclusions as to liability on different claims requires vacating the judgment.

2. Legal irreconcilability

The appellants' claim that the split verdict between the federal law and Washington state law discrimination claims is inconsistent fails because such inconsistencies, when permitted by jury instructions, are simply not reviewable

upon appeal.[7] Unless one legal conclusion is the prerequisite for another, inconsistencies between them must stand.

Zhang argues that the appellants have waived this argument entirely because they failed to raise it at all before the district court. As discussed above, the appellants did propose jury instructions on discrimination under federal and state law, but these proposed instructions did not address the contention that liability for both claims was necessarily coextensive. We could, therefore, ignore this issue entirely because it was never raised below, but "we may consider an issue raised for the first time on appeal if . . . the issue presented is purely one of law and the opposing party will suffer no prejudice as a result of the failure to raise the issue in the trial court." *United States v. Carlson*, 900 F.2d 1346, 1349 (9th Cir.1990). We consider the issue of the legal equivalency of two claims to be a purely legal issue, and Zhang is in the same position as he would have been had this issue been raised in a Rule 59 motion for a new trial; he

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7. Again, we do not mean to imply that such an inconsistency is present here. Although the appellants cite federal caselaw that suggests that the definitions of "substantial factor" and "motivating factor" under federal law are interchangeable, they cite no caselaw that indicates that the federal definition of "motivating factor" is equivalent to the Washington law definition of "substantial factor." The "substantial factor" test under Washington law was set out in *Mackay v. Acorn Custom Cabinetry*, 127 Wash.2d 302, 898 P.2d 284, 288 (1995). *Mackay* did not suggest that this test was equivalent to the test under federal law, and no subsequent Washington or Ninth Circuit decision has done so.

is not prejudiced. We will therefore treat this claim as if it had been raised in a motion for a new trial.[8]

Nonetheless, even if the error had been raised before the district court, we could not grant a new trial on the basis of legally irreconcilable general verdicts. Rule 59 does not specify the grounds on which a motion for a new trial may be granted; instead, it allows such a motion to be granted "for any of the reasons for which new trials have heretofore been granted in actions at law in the courts of the United States." Fed.R.Civ.P. 59(a). We are thus bound by those grounds that have been historically recognized.

We have found no Supreme Court or Ninth Circuit cases in which an appellate court has directed the trial court to grant a new trial due to inconsistencies between general verdicts, and Ninth Circuit precedent dictates that we cannot do so. In *International Longshoremen's Union v. Hawaiian Pineapple Co.*, 226 F.2d 875 (9th Cir.1955), we explained that legally inconsistent verdicts "may nonetheless stand on appeal even though inconsistent." *Id.* at 881. In that case, the jury had returned general verdicts holding the defendant unions liable while "exonerating the individual defendants" who had acted on behalf of the unions. *Id.* While the court admitted difficulty in understanding "why the jury found [the unions] liable and did not also hold some of the leaders

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8. We cannot treat this claim as if it had been raised earlier than the motion for a new trial stage. If it had been raised earlier, in jury instructions or in a motion for resubmission immediately after the jury had returned the verdict, the result might have been different, and thus Zhang would be prejudiced by the appellants' failure to raise the issue at these points.

responsible," *id.*, it upheld that jury's right to do so. "That is the jury's prerogative." *Id.*

We are confident that this rule is historically sound and remains the majority rule. In *Jayne v. Mason & Dixon Lines*, 124 F.2d 317 (2d Cir.1941), Judge Learned Hand stated in *dicta* that it would not have been fatal to a split general verdict "if no rational reconciliation of the verdicts was possible." *Id.* at 319. More recently, in *Los Angeles v. Heller*, 475 U.S. 796, 106 S.Ct. 1571, 89 L.Ed.2d 806 (1986), Justice Stevens cited *Jayne* among the authorities supporting the proposition that "a court retains the authority, even in a civil case, to allow an apparently inconsistent verdict to stand." *Id.* at 805 n. 12 (Stevens, J., dissenting).[9] *See also Westinghouse Elec. Corp. v. Gen. Circuit Breaker & Elec. Supply Inc.*, 106 F.3d 894, 902 (9th Cir.1997) (noting without disapproval a litigant's observation that "the law forbids a judge from upsetting general verdicts merely because they are inconsistent as to different claims"); *Mosley v. Wilson*, 102 F.3d 85, 90 (3d Cir.1996) (discussing *Heller*); *Arthur Pew Constr. Co. v. Lipscomb*, 965 F.2d 1559, 1571 (11th Cir.1992) ("No authority is suggested to us that requires that general verdicts be harmonious. . . ."); *Hines v. IBG Int'l, Inc.*, 813 F.2d 1331, 1334 (4th Cir.1987) (in a case involving "general verdicts, incapable of being nicely dissected into their

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9. This particular point of Justice Stevens's dissent was not contradicted by the majority opinion for the Court, which held that in a bifurcated trial, the jury's exoneration of a government agent in the first portion of the trial precludes a finding in the second portion of the trial that the government agency is liable. *See Heller*, 475 U.S. at 797-99, 106 S.Ct. 1571 (per curiam). The majority's holding, of course, is dictated by the basic principles of collateral estoppel.

constituent parts," an "apparent inconsistency is not fatal"); *Merchant v. Ruhle*, 740 F.2d 86, 91 (1st Cir.1984) (expressing, in a case involving split general verdicts on two claims, "a substantial reluctance to consider inconsistency in civil jury verdicts a basis for new trials"); *Globus v. Law Research Serv., Inc.*, 418 F.2d 1276, 1290 n. 7 (2d Cir.1969) ("[C]onsistent jury verdicts are not, in themselves, necessary attributes of a valid judgment."); *U.S. Football League v. Nat'l Football League*, 644 F.Supp. 1040, 1045-46 (S.D.N.Y.1986); *Malm v. United States Lines Co.*, 269 F.Supp. 731, 731-732 (S.D.N.Y.), aff'd, 378 F.2d 941 (2d Cir.1967) (per curiam) ("Inconsistent jury verdicts upon different counts or claims are not an anomaly in the law, which at times recognizes a jury's right to an idiosyncratic position, provided the challenged verdict is based upon the evidence and the law."); Alexander M. Bickel, *Judge and Jury-Inconsistent Verdicts in the Federal Courts*, 63 Harv. L.Rev. 649, 654-55 (1950) (arguing that the rule in criminal cases that inconsistent verdicts are allowed to stand should also apply in civil cases). *But see Diamond Shamrock Corp. v. Zinke & Trumbo, Ltd.*, 791 F.2d 1416, 1425 (10th Cir.1986) (stating in *dicta* that in "cases where the several causes of action are identical and defended on the same ground, a verdict for the plaintiff on one cause of action and for the defendant on another is inconsistent"); *Will v. Comprehensive Accounting Corp.*, 776 F.2d 665, 677 (7th Cir.1985) ("As a rule civil juries must return consistent verdicts. . . . The civil jury has no power to dispense clemency, and verdicts in the teeth of the evidence may be set right." (citations omitted)); Shaun P. Martin, *Rationalizing the Irrational: The Treatment of Untenable Federal Civil Jury Verdicts*, 28 Creighton L.Rev. 683, 708 (1995) (opining, after noting that many federal

courts accept inconsistent general verdicts, that this view "is almost certainly wrong").

Another persuasive line of cases involves discrepancies between findings of liability and damage awards, typically arising when a jury finds liability but nonetheless awards zero damages. As noted above, the damage award is not really a separate general verdict, but it is nonetheless a legal conclusion, and so these types of cases also involve purported conflicts between two legal conclusions. In *Fairmount Glass Works v. Cub Fork Coal Co.*, 287 U.S. 474, 53 S.Ct. 252, 77 L.Ed. 439 (1933), the Supreme Court refused to disturb such a verdict, even though the petitioner had urged that "the verdict should have been set aside as inconsistent on its face." *Id.* at 483, 53 S.Ct. 252. Justice Brandeis wrote that the trial court's "refusal to grant a new trial cannot be held erroneous as a matter of law. Appellate courts should be slow to impute to juries a disregard of their duties, and to trial courts a want of diligence or perspicacity in appraising the jury's conduct." *Id.* at 485, 53 S.Ct. 252. This rule retains vitality, and we have noted that "the federal rule is that failure to award damages does not by itself render a verdict invalid." *Philippine Nat'l Oil Co. v. Garrett Corp.*, 724 F.2d 803, 806 (9th Cir.1984).

The only circumstance in which we have reviewed the consistency of two legal conclusions is that presented in *Vaughan*, in which the jury makes multiple legal conclusions relating to a single claim, one of which may be legally predicated on another. The *Vaughan* jury had returned two legal conclusions, neither of which was the ultimate verdict: It had found that the defendants were entitled to qualified

immunity, and that the defendants had violated the plaintiffs' constitutional rights. *See* 950 F.2d at 1466. We did not, as noted above, examine whether these split findings could be supported by sufficient evidence, but we did conduct some review, examining whether it was "*possible to reconcile* the verdicts." *Id.* at 1470. Concluding that it was not legally impossible for a jury to make both of these conclusions, we upheld the verdict. *Id.*

In this case, there is no legal reason that the verdicts on the two discrimination claims would have had to be identical. Neither is predicated on the other, nor is exoneration from discrimination under state law an affirmative defense to discrimination under federal law. Instead, this is exactly the type of apparent inconsistency between general verdicts that has long been allowed to stand in this Circuit and others.

Like defects in the sufficiency of the evidence, the potential for a legally irreconcilable verdict should be addressed through jury instructions properly proposed under Rule 51. *See Jarvis*, 283 F.3d at 56 ("Objection to an inconsistency between two general verdicts that is traced to an alleged error in the jury instruction or verdict sheet is properly made under Fed.R.Civ.P. 51."); *Merchant*, 740 F.2d at 91 (noting that the defendant had agreed to instructions allowing the jury to find liability on either of two claims). Under Rule 51, instructional errors are waived if not raised in a timely fashion. "To excuse [the appellants] from the well-established rules of waiver would permit the sort of 'sandbagging' that the rules are designed to prevent, while undermining the ideal of judicial economy that the rules are meant to serve." *Jarvis*, 283 F.3d at 62. The appellants might

have thought that it was advantageous *not* to propose instructions equating the claims alleging discrimination under federal and Washington law, because the jury then might have concluded that they were liable on both claims.

C. Inconsistencies in special verdicts and interrogatories

Inconsistencies involving findings of fact, such as those in special verdicts and interrogatories, may arise in similar ways as inconsistencies between general verdicts. First, a jury may return answers that plainly violate its instructions. Second, under the evidence presented in the case, one or more findings of fact may be inconsistent with a determination of liability, whether that determination is made by the jury (as in a general verdict with interrogatories) or by the trial court (as in a special verdict). This sort of inconsistency was alleged in *Pierce. See* 823 F.2d at 1370. Finally, one or more findings of fact may be legally irreconcilable with each other or with a legal conclusion. Here, the appellants argue that the jury's answers on the breach of contract claim, awarding $86,000 in damages while finding $87,500 in wages willfully withheld, presents the third type of inconsistency because it is legally impossible for double damages to exceed base damages and for an employer to withhold willfully more wages than are due.

The typical case of factual findings conflicting with legal conclusions arises in the context of a special verdict or a general verdict with interrogatories. In the case of a special verdict, inconsistencies are problematic and require a new trial only if they arise between two or more factual findings; otherwise, the determination of liability can simply be

conformed to the factual findings. Similarly, in the case of a general verdict with interrogatories, the trial court has the discretion to enter judgment on the factual findings, even if they conflict with the jury's conclusion as to liability, *see* Fed.R.Civ.P. 49(b); only if there is a conflict within the factual findings would a new trial be required.

The alleged inconsistency here, however, arises not between two factual findings, or between a factual finding and the ultimate determination of liability, but between a factual finding and subsidiary legal conclusion within a single claim. On the issue of double damages, the trial court is required to enter judgment according to the jury's factual findings, awarding damages of $87,500; but to do so would conflict with the jury's legal conclusion as to the base damages, which it found to be $86,000. Although both damage awards are legal conclusions, this inconsistency does present a problem of legal irreconcilability because double damages are normally predicated upon, and cannot exceed, base damages. Thus if the trial court were to have followed the principle that judgment should be entered according to the jury's factual finding, it would have entered an apparently irreconcilable verdict where double damages exceeded base damages.

The district court's actual response to this dilemma was to remit the double damages award to $86,000, thus preventing any irreconcilable conflict in the final judgment. But a trial court cannot ignore the jury's factual findings in an attempt to reconcile the ultimate legal conclusions; to the contrary, legal conclusions should be conformed to the factual findings, if at all possible. We must determine whether the

jury's answers were truly irreconcilable, because if they were, remittitur could not save the verdict.[10]

The appellants bear a high burden to establish an irreconcilable inconsistency. The Seventh Amendment to the Constitution guarantees that "no fact tried by a jury shall be otherwise re-examined in any Court of the United States" except "according to the rules of the common law." We must accept any reasonable interpretation of the jury's actions, reconciling the jury's findings "by exegesis if necessary," *Gallick v. Baltimore & O. R.R. Co.*, 372 U.S. 108, 119, 83 S.Ct. 659, 9 L.Ed.2d 618 (1963); "a search for one possible view of the case which will make the jury's finding inconsistent results in a collision with the Seventh Amendment." *Atl. & Gulf Stevedores, Inc. v. Ellerman Lines*, Ltd., 369 U.S. 355, 364, 82 S.Ct. 780, 7 L.Ed.2d 798 (1962). Furthermore, we review the consistency of the jury's verdict "in light of the instructions given." *Grosvenor Properties, Ltd. v. Southmark Corp.*, 896 F.2d 1149, 1151 (9th Cir.1990).

The jury was specifically instructed to award damages for breach of contract *exclusive* of damages previously awarded for discrimination:

> [I]f you find for plaintiff on his sixth claim for breach of contract, your damage award for that claim must be limited to the lost wages and benefits from the date of termination to September

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10. Because the remittitur reduced Zhang's recovery, only Zhang would have standing to challenge it on appeal. He did not do so, and we therefore have no occasion to correct the trial court's improper remittitur.

> 29, 1999. Any damages you award for plaintiff's sixth claim should *not* include any damages you have previously awarded plaintiff on his [discrimination claims].

In other words, the jury was instructed not to double-count any lost wages that had been withheld due to discrimination and awarded as damages on the discrimination claim. For double damages, the jury was simply asked how much in wages and benefits had been willfully withheld from Zhang prior to September 29, 1999; the jury was given no similar instruction against double-counting.

We agree with the district court's analysis that these answers can be reconciled because some of the lost wages likely were awarded as damages for the discrimination claim. If the jury had determined that at least $1500 of Zhang's wages prior to September 29, 1999, had been withheld due to discrimination and awarded that amount as part of the damages for discrimination, there would be no inconsistency. The total amount of lost wages and benefits, including those awarded as part of the discrimination award, may have been substantially greater than $86,000 or $87,500.[11]

11. Put another way, the similarity between the $87,500 double damages figure and the $86,000 damages figure may be entirely coincidental. The evidence in the record suggests that Zhang's lost wages and benefits up to September 29, 1999, could have been as much as $97,800. The jury could have, for example, determined that $11,800 of this figure was attributable to discrimination and that $87,500 of this figure was willfully withheld. It then would have included the $11,800 award in the discrimination claim, awarded the remaining $86,000 for breach of contract, and awarded an additional $87,500 in double damages for wages willfully withheld.

Appendix A

Washington law allows for double damages for lost wages and benefits that were willfully withheld, but it does not specify that lost wages also awarded as damages for another claim, and not double-counted for the breach of contract claim, cannot form the basis for doubling. Thus, under applicable law, it was possible for the jury to award more in double damages than in damages for the breach of contract claim, because some of the damages that otherwise would have been awarded for breach of contract were already awarded for discrimination. It is a reasonable possibility that the jury was not confused and that its answers were not inconsistent. In such a case, we must honor the jury's verdict.

The trial court did not err in refusing to vacate the jury's damages awards for breach of contract. The verdict was not irreconcilable, and the deference owed to jury verdicts under the Seventh Amendment requires that any reconcilable verdict must stand.

V. Damage awards

In addition to the discrepancy in the breach of contract damages discussed above, the appellants challenge the awards for both compensatory damages and punitive damages on Zhang's discrimination claim. We agree with the district court that both awards were justified.

A. Supportability of the compensatory damages award

The jury awarded Zhang $360,000 in compensatory damages on his discrimination claim, which the appellants claim is excessive compensation for emotional distress and

not supported by substantial evidence. They concede that at least $136,845 of this amount could be attributed to economic damages,[12] but maintain that the evidence is insufficient to support awarding the remaining $223,155 for emotional distress. This argument was first raised after the verdict in a motion for a new trial, and we "will not overturn a district court's denial of a motion for a new trial absent a clear abuse of discretion." *Desrosiers v. Flight Int'l of Fla., Inc.*, 156 F.3d 952, 957 (9th Cir.1998).

As an initial matter, we disagree with the appellants' calculation of economic damages. Although the appellants concede that the jury could have awarded Zhang back pay and front pay totaling $136,845 for the years 1999-2002, they argue that the jury could not have awarded bonuses for these years, even though Zhang's contract allowed a $25,000 annual performance bonus. We hold that the jury reasonably could have awarded bonuses for these years; the evidence in the record demonstrates that in 1998, the year before he was terminated, Zhang exceeded his performance goal and had the highest sales of any American Gem employee. The jury reasonably could have concluded that Zhang would have continued his outstanding work performance, entitling him to bonuses in each of the following four years and an additional $100,000 in economic damages. Thus the jury

12. The appellants concede that Zhang demonstrated up to $222,845 in economic damages. As noted above, however, the jury was instructed not to double-count damages awarded for the § 1981 claim and breach of contract, and so the $86,000 in damages awarded for breach of contract should be deducted from this amount to determine how much of the jury's § 1981 award could be attributed to economic damages.

could have awarded up to $236,845 in economic damages, leaving only $123,155 in compensation for emotional distress.

Regardless of whether the figure for emotional distress damages should be $223,155 or $123,155, however, we will not disturb the award. "We may reverse a jury's finding of the amount of damages if the amount is grossly excessive or monstrous." *Lambert v. Ackerley*, 180 F.3d 997, 1011 (9th Cir.1999) (en banc), *cert. denied*, 528 U.S. 1116, 120 S.Ct. 936, 145 L.Ed.2d 814 (2000). Although the appellants argue that emotional distress damages must be supported by substantial evidence, they cite no Ninth Circuit caselaw to support this proposition, instead relying on the Fourth Circuit case *Price v. City of Charlotte*, 93 F.3d 1241, 1251 (4th Cir.1996). The holding of *Price* that "the evidence of the emotional distress must be demonstrable, genuine, and adequately explained," *id.* at 1251, is not the law of this Circuit:

> While objective evidence requirements may exist in other circuits, such a requirement is not imposed by case law in . . . the Ninth Circuit, or the Supreme Court. *See Chalmers v. City of Los Angeles*, 762 F.2d 753, 761 (9th Cir.1985) (upholding emotional damages based solely on testimony); *Johnson v. Hale*, 13 F.3d 1351, 1352 (9th Cir.1994) (noting that emotional damages may be awarded based on testimony alone or appropriate inference from circumstances); *Carey v. Piphus*, 435 U.S. 247, 264 n. 20, 98 S.Ct. 1042, 55 L.Ed.2d 252 (1978) (noting that emotional

distress damages are "essentially subjective" and may be proven by reference to injured party's conduct and observations by others).

Passantino v. Johnson & Johnson Consumer Prods., Inc., 212 F.3d 493, 513 (9th Cir.2000) (citation and parallel citations omitted). In *Passantino*, we upheld a $1,000,000 compensatory emotional distress damage award—in addition to $2,200,000 in economic damages—for a retaliatory discharge of an employee who complained of sex discrimination. *Id.* at 510-14.

Zhang's testimony alone is enough to substantiate the jury's award of emotional distress damages. Zhang testified that the job at American Gem was "my dream, working in this country," and that when he was terminated, he was "troubled," and "couldn't believe" it. He testified that when American Gem sent letters to his suppliers stating that he had been terminated, the Chinese version of the letters made it seem like "I was either criminal or something very bad." He stated that the termination "very, very hurt my dignity and reputation," because the letters went to suppliers in Dalian, China, his hometown, and "people think there must be something wrong, because Wei is doing something wrong in the States." He testified that people from China called him, concerned about the letters, and that American Gem "ruined my future business. . . . Because doing business in China, your reputation and your credibility is the key." Despite the fact that his testimony was hampered by language and translation problems, the jury obviously could have gleaned that he was greatly hurt and humiliated by his termination and the manner in which it was carried out. Under

Passantino, this testimony is more than sufficient to support a substantial compensatory damage award for emotional distress. The award of compensatory damages was not "grossly excessive or monstrous." *Lambert*, 180 F.3d at 1011. The district court committed no error, let alone a clear abuse of discretion, in denying the motion for a new trial on this basis.

B. Supportability of the punitive damages award

The jury awarded Zhang $2,600,000 in punitive damages on his discrimination claim against the corporate defendants, which the appellants argue is not supported by substantial evidence. The appellants first raised this objection in their post-trial motions for a new trial and for JMOL, arguing that punitive damages should not be available at all. Zhang counters that this objection has been waived.

Ordinarily, this Court can strike down a jury award of punitive damages if the evidentiary prerequisites to such an award are not supported by substantial evidence. *Lambert*, 180 F.3d at 1012. In a federal employment discrimination suit such as this one, punitive damages are available against an employer who " 'discriminate[s] in the face of a perceived risk that its actions will violate federal law.' . . . [A]lthough egregious conduct could be evidence of intent to break the law, such conduct [is] not required to establish punitive damages liability. Thus, in general, intentional discrimination is enough to establish punitive damages liability." *Passantino*, 212 F.3d at 515 (quoting *Kolstad v. Am. Dental Ass'n*, 527 U.S. 526, 536, 119 S.Ct. 2118, 144 L.Ed.2d 494 (1999)) (first alteration in original). Review of the sufficiency

of the evidence to support punitive damages would thus be nearly identical to substantial evidence review for liability for discrimination.

Just as our review of the evidence supporting the corporate defendants' liability for discrimination is foreclosed by waiver, however, our review of the evidence supporting the availability of punitive damages is limited because the appellants did not raise the issue until after trial. As noted above, in general, a challenge to the sufficiency of the evidence must be made in a Rule 50(a) motion for JMOL at the close of the evidence in order to be renewed in a Rule 50(b) motion for JMOL after trial. Fed.R.Civ.P. 50(b); *Janes*, 279 F.3d at 887. In *Kelly v. City of Oakland*, 198 F.3d 779 (9th Cir.1999), we held that this rule governs review of the evidence supporting punitive damages, concluding that where the defendant did not object to the jury instructions on punitive damages, and did not challenge the sufficiency of the evidence to support punitive damages in his Rule 50(a) motion, he could not raise the issue in a Rule 50(b) motion. *Id.* at 786. The same situation is presented here; the record does not reflect that the corporate defendants objected to instructions allowing the jury to award punitive damages, nor that they made any objection to the sufficiency of the evidence for a punitive damages award at the close of the evidence.

As in their challenge to the sufficiency of the evidence underlying the liability finding, however, the appellants argue that the waiver rules are different where the issue of evidentiary sufficiency is raised only by the alleged inconsistency in the jury's verdict. According to this

argument, although the evidence at trial might have been sufficient to support a punitive damages award, it could not support such an award in the absence of a finding of liability against Lees.

We will apply the same rules to review of the punitive damages award as we did to the liability finding. If the appellants believed that there was insufficient evidence to support punitive damages unless the jury found that Lees was liable for discrimination, they should have pointed this out prior to submission of the case to the jury, thereby giving Zhang the opportunity to correct any defects in proof. The appellants could have requested a jury instruction that would have allowed the jury to find punitive damages only if they found Lees liable for discrimination. Having failed to do so, they cannot now challenge the sufficiency of the evidence supporting the damage award.[13]

C. Constitutionality of the punitive damages award

Even though the jury's decision to award punitive damages was supported by substantial evidence, we must also determine whether the amount of the award is unconstitutionally excessive. In recent years, the Supreme

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13. The appellants' contention that this issue arose only due to the alleged inconsistency in the verdict, which could not have been foreseen, is somewhat disingenuous. In their motion for JMOL after the verdict was returned, in which they first raised their argument regarding punitive damages, the argument was styled "The Court should not have instructed the Jury on Punitive Damages." Clearly, the appellants recognized that this was an instructional issue and could have been raised at an earlier point.

Court has recognized a due process right to be free from excessive punitive damages. The appellants argue that the $2,600,000 award here was excessive and should be reduced to some unspecified amount. Even though the appellants only raised this issue in post-trial motions, the Supreme Court has ruled that the appellate courts should review the district court's denial of remittitur of the award de novo. *Cooper Indus., Inc. v. Leatherman Tool Group, Inc.*, 532 U.S. 424, 431, 121 S.Ct. 1678, 149 L.Ed.2d 674 (2001).

In *BMW of North America, Inc. v. Gore*, 517 U.S. 559, 116 S.Ct. 1589, 134 L.Ed.2d 809 (1996), the Supreme Court first announced "[t]hree guideposts" for assessing the constitutionality of punitive damage awards: "the degree of reprehensibility of the[defendant's conduct]; the disparity between the harm or potential harm suffered by [the plaintiff] and his punitive damages award; and the difference between this remedy and the civil penalties authorized or imposed in comparable cases." *Id.* at 574-75, 116 S.Ct. 1589. *BMW* was the first time the Court had ever struck down a punitive damages award as unconstitutionally excessive; the Court reaffirmed *BMW* in questioning the size of a punitive damages award in *Cooper Industries*, 532 U.S. at 440-43, 121 S.Ct. 1678, and recently followed *BMW* in striking down another punitive damages award in *State Farm Mutual Insurance Co. v. Campbell*, __ U.S. __, __ - __, 123 S.Ct. 1513, 1521-26, 155 L.Ed.2d 585 (2003). In addition to these Supreme Court precedents, our analysis herein is guided by our decision in *Swinton v. Potomac Corp.*, 270 F.3d 794 (9th Cir.2001), *cert. denied*, 535 U.S. 1018, 122 S.Ct. 1609, 152 L.Ed.2d 623 (2002), in which we applied the *BMW* guideposts to a § 1981 discrimination case. *Id.* at 817-20, 116 S.Ct. 1589.

Appendix A

1. Reprehensibility

"Perhaps the most important indicium of the reasonableness of a punitive damages award is the degree of reprehensibility of the defendant's conduct." *BMW*, 517 U.S. at 575, 116 S.Ct. 1589. The appellants rest their constitutional challenge entirely on the reprehensibility guidepost, relying on the *BMW* Court's statement, made even before analyzing the other two factors, "that BMW's conduct was not sufficiently reprehensible to warrant imposition of a $2 million exemplary damages award." 517 U.S. at 580, 116 S.Ct. 1589.

The gulf between the reprehensibility of the corporate defendants' actions here and the conduct at issue in *BMW*, *Cooper Industries*, and *State Farm*, however, is substantial. In *BMW*, the defendant automaker had fraudulently failed to disclose its practice of selling cars as new after repairing minor predelivery damage. 517 U.S. at 563-64, 116 S.Ct. 1589. In *Cooper Industries*, the defendant had been found liable for falsely advertising another competitor's product as its own. 532 U.S. at 427-29, 121 S.Ct. 1678. In *State Farm*, the defendant insurance company had implemented a fraudulent policy of limiting costs by refusing to settle insurance claims and then capping claims payments after losing at trial. __ U.S. at __-__, 123 S.Ct. at 1517-19. Although the plaintiffs in *State Farm* did allege emotional distress, *id.* at 1518, the reprehensibility of the fraudulent business practices at issue in these Supreme Court cases is different in kind from the reprehensibility of intentional discrimination on the basis of race or ethnicity.

Although *BMW* held that "purely economic" harms are less likely to warrant substantial punitive damages awards, 517 U.S. at 576, 116 S.Ct. 1589, intentional discrimination is a different kind of harm, a serious affront to personal liberty. *See Romano v. U-Haul Int'l, Inc.*, 233 F.3d 655, 673 (1st Cir.2000), *cert. denied*, 534 U.S. 815, 122 S.Ct. 41, 151 L.Ed.2d 14 (2001) (finding that a plaintiff's termination on the basis of her sex was "more reprehensible than would appear in a case involving economic harms only"). There can be no question of the importance of our society's interest in combating discrimination; this nation fought the bloodiest war in its history in part to advance the goal of racial equality, adding several amendments to the Constitution to cement the battlefield victory. *See* U.S. Const. amends. XIII, XIV, XV. Freedom from discrimination on the basis of race or ethnicity is a fundamental human right recognized in international instruments to which the United States is a party, *see, e.g.*, International Convention on the Elimination of All Forms of Racial Discrimination, *adopted by the U.N. General Assembly* Dec. 21, 1965, 660 U.N.T.S. 195 (*entered into force for the United States* Nov. 20, 1994), and the intentional deprivation of that freedom is highly reprehensible conduct.[14]

Racial discrimination often results in large punitive damage awards. *See Swinton*, 270 F.3d at 817-18 (finding that an employer's failure to address a pattern of racial slurs and harassment was sufficiently reprehensible to support a

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14. Indeed, the appellants' argument seems to depend on the position that the corporate defendants did not in fact discriminate against Zhang. As noted above, however, we are bound by the jury's finding that the corporate defendants did discriminate on the basis of race or ethnicity.

$1 million punitive damage award); *Pavon v. Swift Transp. Co.*, 192 F.3d 902, 909 (9th Cir.1999) (finding that an employer's toleration of racial slurs and termination of an employee who complained of them was sufficiently reprehensible to justify a $300,000 punitive damage award); *Hampton v. Dillard Dep't Stores, Inc.*, 247 F.3d 1091, 1116 (10th Cir.2001), *cert. denied*, 534 U.S. 1131, 122 S.Ct. 1071, 151 L.Ed.2d 973 (2002) (finding that where two African American women had been suspected of shoplifting and briefly detained on the basis of their race, the store's conduct was sufficiently reprehensible to support the award of $1.1 million in punitive damages). We have no trouble concluding that the corporate defendants' discrimination against Zhang was sufficiently reprehensible to justify a substantial punitive damages award.

2. Ratio of punitive to compensatory damages

"The second and perhaps most commonly cited indicium of an unreasonable or excessive punitive damages award is its ratio to the actual harm inflicted on the plaintiff." *BMW*, 517 U.S. at 580, 116 S.Ct. 1589. This guidepost is generally analyzed by comparing punitive and compensatory damages. *Id.* at 581, 116 S.Ct. 1589.

"In most cases, the ratio will be within a constitutionally acceptable range, and remittitur will not be justified on this basis." *Id.* at 573, 116 S.Ct. 1589. The Court has refused to give a precise mathematical guideline for the "constitutionally acceptable range," but the two cases in which the Court struck down punitive damages awards both involved rather large ratios of punitive to compensatory

damages: in *BMW*, the ratio was a "breathtaking 500 to 1," *id.*; in *State Farm*, the ratio was 145 to one, __ U.S. at __, 123 S.Ct. at 1524. Likewise, in *Cooper Industries*, where the Court questioned the size of the award but declined to rule on its constitutionality, the ratio was ninety to one. 532 U.S. at 429, 121 S.Ct. 1678.

Despite its refusal to establish a firm numerical limit to the ratio, the *BMW* Court noted that precedent "suggested that the relevant ratio was not more than 10 to 1," 517 U.S. at 559, 116 S.Ct. 1589. In *State Farm*, the Court "decline[d] again to impose a brightline ratio which a punitive damage award cannot exceed," __ U.S. at __, 123 S.Ct. at 1524, but offered similar guidance on the general limits to an acceptable ratio: "[I]n practice, few awards exceeding a single-digit ratio . . . will satisfy due process." *Id.* "Single-digit multipliers are more likely to comport with due process" than the extreme ratios found in *BMW* or *State Farm*. *Id.*

In this case, the ratio of the $2.6 million punitive damage award to the $360,000 compensatory damage award is slightly more than seven to one. This is of course a single-digit ratio, far below the ratios at issue in *BMW*, *Cooper Industries*, and *State Farm*. We are aware of no Supreme Court or Ninth Circuit case disapproving of a single-digit ratio between punitive and compensatory damages, and we decline to extend the law in this case. The ratio here is not constitutionally excessive.

3. Civil or criminal penalties

"Comparing the punitive damages award and the civil or criminal penalties that could be imposed for comparable misconduct provides a third indicium of excessiveness." *BMW*, 517 U.S. at 583, 116 S.Ct. 1589. In both *BMW* and *State Farm*, the Court concluded that the maximum fine that could be imposed for the conduct at issue was $10,000. 517 U.S. at 584, 116 S.Ct. 1589. The Court found that the $2 million award in *BMW* was "substantially greater than the statutory fines available," 517 U.S. at 584, 116 S.Ct. 1589, and that the civil fine in *State Farm* was "dwarfed by the $145 million punitive damages award," __ U.S. at __, 123 S.Ct. at 1526.

As we held in *Swinton*, however, "[t]here are no 'civil penalties' for the type of conduct for which [the appellants were] held liable in this case." 270 F.3d at 820. In assessing the punitive damage award at issue in *Swinton*, we noted that Congress had imposed a $300,000 punitive damage cap for violations of Title VII, reasoning that this damage cap represented a legislative judgment similar to the imposition of a civil fine. *Id.* at 820.

The discrepancy between the $10,000 fines and multimillion dollar awards at issue in *BMW* and *State Farm* is far greater than that between the $300,000 Title VII cap and the $2,600,000 award at issue here. In addition, as we underscored in *Swinton*, "Congress has not seen fit to impose any recovery caps in cases under § 1981 . . . , although it has ample opportunity to do so." *Id.* And, as we noted in *Swinton*, that one *BMW* guidepost may indicate that a particular award

raises *BMW*-type concerns does not prove that award to be constitutionally excessive. Thus, as we did in *Swinton*, *see id.*, we hold that, on balance, the punitive damages award here did not violate due process. The conduct of the corporate defendants was highly reprehensible, and the punitive award exceeded the compensatory award only by a single-digit multiplier. Thus, although the punitive damages cap established for an analogous statute, Title VII, is substantially lower than the award here, the discrepancy is not nearly so great as in *BMW* or *State Farm*. Accordingly, we will not disturb the jury's award of punitive damages.[15]

CONCLUSION

For the foregoing reasons, the judgment of the district court is AFFIRMED in all respects.

AFFIRMED.

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15. The appellants also argued that the punitive damages award demonstrated such passion and prejudice that not only must the award be reduced, but the liability determination must be vacated as well. In light of our conclusion that reduction of the award is not justified, and the fact that the appellants have cited no caselaw suggesting that passion and prejudice may be inferred from a large damages award alone, we decline to address this argument.

APPENDIX B — MINUTE ORDER OF THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF WASHINGTON AT SEATTLE FILED AND ENTERED NOVEMBER 7, 2001

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

No. C99-1441Z

WEI ZHANG,

Plaintiff,

v.

AMERICAN GEM SEAFOODS, et al.,

Defendants.

MINUTE ORDER

The following Minute Order is made by direction of the Court, the Honorable Thomas S. Zilly, United States District Judge:

(1) The Court DENIES Defendants' Motion for (1) Judgment as a Matter of Law, and (2) A New Trial or, in the alternative, to Amend the Judgment.

(2) Judgment as a matter of law will only be granted if all the evidence, viewed in the light most favorable to the non-moving party, demonstrates that there is only one proper

decision and it is contrary to that reached by the jury. *Forrett v. Richardson*, 112 F.3d 415, 419 (9th Cir. 1997). A Court may grant a new trial only if the jury's verdict is against the great weight of the evidence or "it is quite clear that the jury has reached a seriously erroneous result." *Ace v. Aetna Life Ins. Co.*, 139 F.3d 1241, 1248 (9th. Cir. 1998) (internal citations omitted).

(3) The Court finds that the jury's verdict is not contrary to the evidence presented at trial and that the damages awards are supported by the evidence and not a result of passion or prejudice. Accordingly, the Court DENIES Defendants' Motions, docket no. 268.

(4) The Clerk is directed to send a copy of this Minute Order to all counsel of record.

Filed and entered this 7th day of November, 2001.

BRUCE RIFKIN, Clerk

By s/ Casey Condon
Casey Condon
Deputy Clerk

APPENDIX C — JUDGMENT OF THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF WASHINGTON DATED OCTOBER 3, 2001

UNITED STATES DISTRICT COURT
Western District of Washington

CASE NUMBER: C99-1441Z

WEI ZHANG,

v.

AMERICAN GEM SEAFOODS, et al.

JUDGMENT IN A CIVIL CASE
with revisions

☒ **Jury Verdict.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

* * *

IT IS ORDERED AND ADJUDGED

That the Plaintiff Wei Zhang recover judgment:

For intentional discrimination for race and national origin discrimination in violation of federal law, 42 U.S.C. § 1981 et. seq. against Defendant MCMI Food Company and Defendant American Gem Seafoods for the sum of $360,000.00, each being jointly and severally liable for the total amount.

Appendix C

For punitive damages under 42 U.S.C. § 1981 et. seq. against Defendant MCMI Food Company and Defendant American Gem Seafoods for the sum of $2,600,000.00, each being jointly and severally liable for the total amount.

For breach of Plaintiff's written employment contract and failure to pay wages under RCW 49.52 et. seq. against Defendant MCMI Food Company, Defendant American Gem Seafoods, and Defendant Lees for the sum of $86,000.00, each being jointly and severally liable for the total amount.

For wages or benefits willfully withheld from Plaintiff during the period from the date of termination until September 29, 1999 in violation of RCW 49.52 et. seq. against Defendant MCMI Food Company, Defendant American Gem Seafoods, and Defendant Lees for the sum of $86,000.00, each being jointly and severally liable for the total amount.

Plaintiff shall also recover interest at the rate of 2.49 percent as provided by law and his cost of action.

BRUCE RIFKIN, Clerk

By s/ Casey Condon
Casey Condon
Deputy Clerk

October 2, 2001
Date

APPENDIX D — VERDICT FORM OF THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF WASHINGTON AT SEATTLE DATED AND FILED AUGUST 23, 2001

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

NO. C99-1441Z

WEI ZHANG,

Plaintiff,

v.

AMERICAN GEM SEAFOODS, et al.,

Defendants.

VERDICT FORM

WE, THE JURY, make the following answers to the questions submitted by the Court.

Appendix D

Question No. 1

Do you find for plaintiff Wei Zhang with respect to his first claim for hostile work environment based on race or national origin under federal and state law as to the defendants?

Answer

MCMI Food Company/ American Gem Seafoods	Yes ____	No X
Harry Lees	Yes ____	No X

* * *

Question No. 3

Do you find for plaintiff Wei Zhang with respect to his second claim for race and national origin discrimination in violation of federal law as to the defendants?

Answer

MCMI Food Company/ American Gem Seafoods	Yes X	No ____
Harry Lees	Yes ____	No X

Appendix D

Question No. 4

Do you find for plaintiff Wei Zhang with respect to his third claim for race and national origin discrimination in violation of state law as to the defendants?

Answer

MCMI Food Company/ American Gem Seafoods	Yes ____	No X
Harry Lees	Yes ____	No X

Question No. 5

Do you find for plaintiff Wei Zhang with respect to his fourth claim for retaliatory discharge based on federal law as to the defendants?

Answer

MCMI Food Company/ American Gem Seafoods	Yes ____	No X
Harry Lees	Yes ____	No X

Appendix D

Question No. 6

Do you find for plaintiff Wei Zhang with respect to his fifth claim for retaliatory discharge based on state law as to the defendants?

Answer

MCMI Food Company/ American Gem Seafoods	Yes ____	No _X_
Harry Lees	Yes ____	No _X_

If your answer to question 3, 4, 5, or 6 is "yes," answer Question 7.

If your answer to these questions is "no," do not answer Question 7.

Question No. 7

What amount of total damages, if any, do you award Plaintiff on claims 2, 3, 4, or 5? You must apportion the damages you award among the defendants you find responsible.

Answer

TOTAL Amount of Damages $360,000

Appendix D

Apportionment of Total Damages among Defendants

MCMI Food Company/ American Gem Seafoods	$360,000
Harry Lees	$ 0

If you answered "yes" to questions 1, 3 or 5 and find a violation of federal law as to any defendant, answer Question 8 as to that defendant or defendants.

If you answered "no" to questions 1, 3 or 5, proceed to Question 10.

Question No. 8

Was a defendant's conduct malicious or a reckless disregard of plaintiff's rights?

Answer

MCMI Food Company/ American Gem Seafoods	Yes X	No ____

If you answer Question 8 "yes," answer Question 9.

If you answer Question 8 "no," proceed to Question 10.

Appendix D

Question No. 9

What total amount of punitive damages, if any, do you award the Plaintiff?

Answer

MCMI Food Company/ American Gem Seafoods	$2,600,000

Question No. 10

Do you find for plaintiff Wei Zhang with respect to his sixth claim for breach of Plaintiff's written employment contract?

Answer

American Gem Seafoods	Yes X	No ____
Harry Lees	Yes X	No ____

If you answered "yes" to Question 10 as to plaintiff's breach of contract claim, answer r questions 11, 12 and 13.

If you answered "no" to Question 10, date and sign the verdict form.

Appendix D

Question No. 11

What total amount of lost wages or benefits through September 29, 1999, if any, do you award Plaintiff on his sixth claim for Breach of Contract?

Answer

TOTAL Amount of Damages $86,000

If you awarded Plaintiff any lost wages or benefits on his sixth claim for Breach of Contract answer questions 12 and 13.

Question No. 12

Do you find that any wages or benefits were wilfully withheld with intent to deprive plaintiff of wages or benefits required by the contract?

Answer

American Gem Seafoods	Yes X	No ____
Harry Lees	Yes X	No ____

If you answered Question 12 "yes" as to any defendant, please answer Question 13.

If you answered Question 12 "no," date and sign the verdict form.

Appendix D

Question No. 13

What amount of wages or benefits were wilfully withheld during the period from the date of termination until September 29, 1999?

Answer $87,500

DATED: 23 August 2001 **PRESIDING JUROR:** s/ [illegible]

APPENDIX E — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT FILED SEPTEMBER 22, 2003

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 01-36130

WEI ZHANG,

Plaintiff - Appellee,

v.

AMERICAN GEM SEAFOODS,
a Texas corporation, et al.,

Defendants - Appellants.

D.C. No. CV-99-01441-TSZ
Western District of Washington,
Seattle

ORDER

Before: D.W. NELSON, THOMAS, Circuit Judges, and Pregerson, District Judge.

The members of the panel that decided this case voted unanimously to deny the petition for rehearing. Judge Thomas voted to deny the petition for rehearing en banc. Judges Nelson and Pregerson recommended denial of the petition for rehearing en banc.

Appendix E

The full court has been advised of the petition for rehearing en banc and no active judge has requested a vote on whether to rehear the matter en banc. (Fed.R. App. P. 35.)

The petition for rehearing and the petition for rehearing en banc are DENIED.